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ALASKA ECONOMIC TRENDS

An Overview of Alaska's Oil Industry

Alaska Mining Reawakens

August Ends A Generally Upbeat Summer

November 1989

ALASKA DEPARTMENT OF LABOR   STEVE COWPER, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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Employment Service

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UNEMPLOYMENT INSURANCE
maintaining the foundation of economic security

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This issue of Alaska Economic Trends is dedicated to the memory of our editor: John Michael Fagan, who died October 17, 1989. His commitment to excellence was unsurpassed. His smiling Irish eyes will be missed.

Cover Design by Jim Fowler

MADE IN ALASKA

Alaska Mining Reawakens

by R. David Carnes

In 1988, Alaska's sleeping giant- the hardrock mining industry-showed signs of awakening from a forty-four year slumber. The slumber that began in 1944 when the Alaska-Juneau (AJ) Mine closed. Signs of renewed activity for the industry came from Interior Alaska with Citigold Alaska, Inc., and Tricon Mining, Inc., producing 21,500 ounces of gold-silver bullion from lode deposits on Ester Dome, near Fairbanks.

Even more important to the industry were mining development activities; an estimated $269 million was spent constructing roads, ports, mines, mills, and support facilities for the Greens Creek Mine in Southeastern Alaska, and the Red Dog Mine in Northwestern Alaska. These two mines will bring Alaska back as a leading minerals producing state, a status it has not enjoyed for 45 years. Reopening of the AJ, Kensington, and Jualin mines in the Juneau area, coupled with ongoing production statewide from placer operations, coal mines, and industrial minerals sites, will account for substantial minerals production for many years to come.

This article outlines some recent developments in Alaska's resurgent mining industry and will give a few brief sketches of projects which could substantially add to Alaska's mining industry.

A Sleeping Industry Awakens

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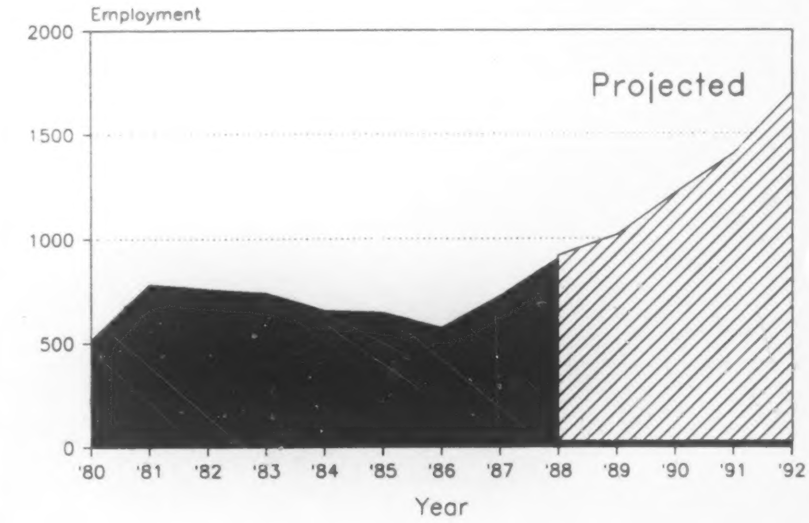
Figure 1

Direct Mineral Mining Employment 1980-1992



Sources: Alaska Department of Labor, Research & Analysis;
Projections:U.S. Bureau of Mines

Higher Mineral Prices & Large Reserves Rejuvenate Industry & Employment

Rejuvenation of Alaska's mining industry has been influenced by several factors, the most important being a rise and stabilization of the price of gold (approaching $400/ounce), accompanied by favorable prices for silver, zinc, and lead. In addition to improved prices, higher grades and/or larger reserves of Alaskan mines accounted heavily for the revival.

As evidence of the industry's growth, total mining employment for 1988 increased almost 50% over 1987 (4,900 in 1988 versus 3,300 in 1987).(see Editors Note.) These figures represent employment in all phases of the

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Editors Note:

This definition of mining employment is inconsistent with Alaska Department of Labor definitions of mining employment. The employment figures in Figure 1 refer to Alaska Department of Labor mining employment (excluding oil & gas mining).

industry, including construction workers of developing mines and small independently owned placer mines. Another sign of a rebound was that the value of exploration, development, and production expenditures rose to $546.4 million in 1988 compared to $318.4 million in 1987. The reevaluation of the major mines in Southeast Alaska, plus development of the Greens Creek and Red Dog mines account for most of the rise in these expenditures.

Direct mining employment figures for the years 1980 to 1988 are shown in Figure 1. These figures are reported by the Alaska Department of Labor and represent only segments of Alaska's hardrock mining industry. They do not include every phase of exploration and development activities such as a construction crew building an access road. Nor do they include self-employment operations, such as most small industrial mineral or placer mining operations.

Placer Gold Mining – A Dominant Producer & Employer

Placer gold mining operations contributed substantially to 1988 mine production levels and employment. Western Gold (West Gold) Exploration and Mining Company produced an estimated 30,000 ounces of gold by processing material offshore of Nome with the bucketline dredge "Bima". Two other large dredges were operated inland from the city of Nome by Alaska Gold Company, while Windfall Gold Mining Corporation engaged in an open-cut and sluicing operation in the same general area. Approximately 98,500 ounces of gold was produced in the Western mining district of Alaska and provided employment for 425 persons, the largest number for any area of the state.(See Figure 2.)

Another large placer gold mining operation was located in the Southcentral district of Alaska. In 1988 the Valdez Creek Mining Company, east of Cantwell, produced 52,961 ounces of raw gold and was the largest single placer producer in the state. However as of September 1989 this mine suspended operations.

Supplementing the large operators, small gold placer operations in the state numbered approximately 200. This level is similar to 1987; however, it is about half the active operations listed in 1984. The decline was a result of two court injunctions affecting U.S. Department of Interior managed lands. A lawsuit initiated in 1985 resulted in the prohibition of mining in three national conservation units until the National Park Service completed environmental assessments. Meanwhile the Bureau of Land Management (BLM) was required to complete similar cumulative assessments on placer mines on BLM lands in Alaska. These actions resulted in the loss of about 175 jobs and a decrease of 22,000 ounces of gold production.

Coal, Sand and Gravel – Small but Important Mining Operations

Coal production in the state remained about the same as for 1987, totaling 1.55 million tons. All coal mining production was from the Usibelli Coal Mine, near Healy. Approximately 811,000 tons of coal was shipped to the Korean Electric Power Company in Honan, South Korea. An additional 14,000 tons of coal was sent to Japan's Electric Power Development Corporation for testing, while approximately 727,000 tons fueled six Interior Alaska power plants.

Sand and gravel production increased slightly in 1988 to 17.2 million tons, an increase of about a half million tons over 1987 production. Crushed stone production increased to 3.6 million tons in 1988, double the 1987 production. This increase was attributed to infrastructure development at the Red Dog Mine, the Bradley Lake hydroelectric project, and the development of Southeastern Alaska mines, specifically the Greens Creek Mine.

Project Sketches: Alaska's Major Mining Projects

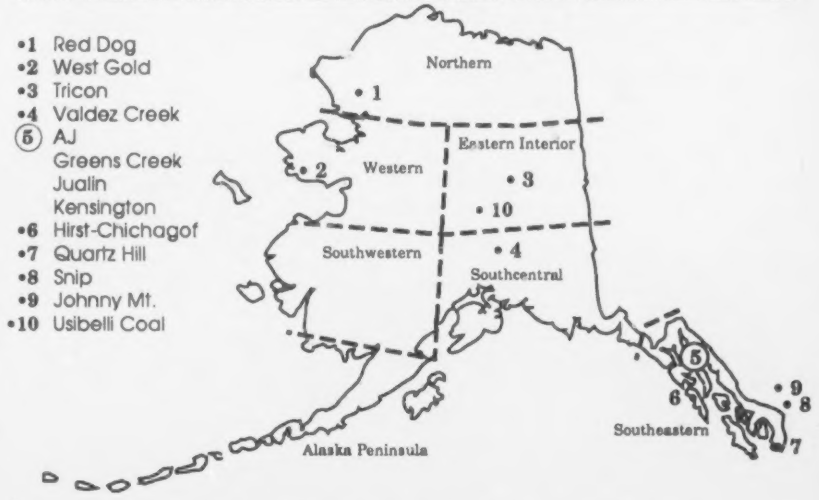
☐ Greens Creek Mine

In March 1989, the Greens Creek Mining Company brought a 1,000 ton per day mine into production. The deposit was discovered in 1974 by Pan Sound Joint Venture. Following the discovery, an extensive drilling program was conducted and excavation of a test adit (a horizontal entrance) was completed in 1979. This adit permitted underground exploration drilling to outline the ore body and the recovery of bulk ore samples for preliminary testing. By the end of 1983, ample ore reserves had been delineated, land holdings and access had been guaranteed by Congress through the passage of the Alaska National Interest Lands Conservation Act, and precious metal prices had sustained a near-constant level.

The Greens Creek deposit, as presently outlined, contains recoverable reserves

Figure 2

Alaska Mining Districts & Select Mine Sites



Source: Dept. of Natural Resources, Geological & Geophysical Surveys.

of 3.5 million tons of ore grading 24 oz./ton silver, 0.18 oz./ton gold, 9.7% zinc, and 3.9% lead. Annual production from the mine is estimated at 6.5 million ounces of silver, 36,000 ounces of gold, 25,000 tons of zinc, and 9,000 tons of lead. This level of production will make the Greens Creek Mine the largest silver producer in the United States.

The mine employs about 225 workers plus administrative staff. The workers and their families reside in Juneau. Employees commute the 18 air-miles between Juneau and the mine by ferry and bus. Mine facilities and bulk ore concentrate storage facilities are located at Hawk Inlet on the western side of Admiralty Island. Ore concentrates are shipped via ocean vessels to smelters and refineries in Europe and Japan.

Present ore reserves will provide for at least 10 years of production. However, the deposit has yet to be fully outlined, so additional years of production can be anticipated.

☐ Red Dog Mine

At the close of 1988 the Red Dog Mine, located 90 miles north of Kotzebue, was 60% complete. A 52-mile access road had been completed in 1987, at an approximate cost of over $55 million.

During 1988, major efforts were directed to port site construction, erection of the concentrate storage building, installation of fuel tanks, and installation of ship loading facilities. Camp accommodations and service buildings were constructed, and initial work on the concentrator mill foundation and the tailings impoundment dam were started. The concentrator was prefabricated in the Philippines and installed during the summer of 1989.

Production will commence in early 1990. The Red Dog deposit contains recoverable reserves of 85 million tons of ore, grading 17.1% zinc, 5% lead, and 2.4 oz./ton silver. Production is set at 750,000 tons of total concentrates per year. At peak production the Red Dog Mine will be the largest zinc mine in the western world.

When in full production, the mine will employ about 200 people. Cominco Alaska, Inc., the operator, is attempting to employ local personnel. It is their intent to begin operations with 50% local hires and increase that number towards 100% by year 10 of production. With known reserves, the mine life is expected to exceed 50 years.

The Red Dog deposit was discovered in 1968. The land area was withdrawn from mineral entry due to the Alaska Native Claims Settlement Act (ANCSA), and subsequently selected by the Regional Native Corporation - NANA established by ANCSA. In 1982, Cominco Alaska, Inc., and NANA reached a settlement on development of the deposit on NANA lands. When financial commitments were assured through the Alaska Industrial Development and Export Authority for development of the transportation system, the project became a reality.

☐ Alaska-Juneau (AJ) Mine

In 1986, Echo Bay Mines, Ltd. of Edmonton, Alberta, Canada, acquired the option to develop the Alaska-Juneau (AJ) Mine from Barrick Resources Corporation. The AJ Mine and associated Perseverance Mine had produced 3.5 million ounces of gold, 1.9 million ounces of silver, and 40.2 million pounds of lead from 1880-1944.

After purchase from Barrick, Echo Bay and their project operators, WGM, Inc., of Anchorage, Alaska, began assessing the potential of reopening the mine. In 1987, a 1,000 ton bulk ore sample was evaluated, and although test results were not encouraging the company pushed ahead using conventional gravity and cyanide recovery methods. A road was constructed to the original Sheep Creek adit, the old entry was excavated and access made possible using the old tunnel. An intense underground drilling program was conducted during 1987-1988. Detailed work has been conducted outlining new ore reserves and confirming old reserve grades. A large decline was driven in 1988 connecting various underground levels. Reserves of nearly 100 million tons of minable ore have been delineated and initial plans for production have been made.

When operational, the mining rate will be 20,000 tons of ore per day. At this rate, approximately 250,000 ounces of gold would be produced annually. The mine will employ 450 workers and all personnel will reside in Juneau. Extensive construction will take place installing a processing mill underground, erecting new surface facilities, and building an impoundment dam to create hydroelectric power and store tailings in the Sheep Creek valley approximately 3 miles south of the downtown Juneau area. Mine life is being set at 15 years, but this figure could be substantially increased after production gets underway in 1993.

☐ Kensington Mine

Echo Bay Mines, Ltd., through their subsidiary Echo Bay Exploration, and Coeur D'Alene Mines, are in the final stages of evaluating the old Kensington Mine, located approximately 50 miles north of Juneau. The property was acquired for $20 million from the Placid Oil Company through a Chapter 11 bankruptcy sale.

In 1988, Echo Bay constructed a two-mile road from tidewater at the abandoned community of Comet to the mine entrance, at approximately the 800-foot elevation level. A 5,800-foot long adit was driven and a bulk metallurgical sample was taken for studies and mine design purposes. Underground drilling began in 1989 to outline the ore body and establish mine reserves. Preliminary daily production rate is set at 3,000 tons per day.

The mine would employ 250 to 300 workers. As with the Greens Creek Mine, the support infrastructure would be based in Juneau. Workers will rotate to the mine site on a bi-weekly basis, rather than a daily basis. The mine life would be about 10 years.

☐ Jualin Mine

In 1988 a six-mile access road was constructed from the shoreline on the north side of Berners Bay to the site of the Jualin Mine along Johnson Creek. The Jualin Mine, first placed into operation in 1885, was acquired in the mid-1970s by Hyak Mining Company. In 1983 and 1984 Bear Creek Mining Company performed diamond core drilling in an attempt to outline new reserves. In 1987, International Curator Resources, Ltd., acquired an option on the property and undertook the assessment of the ore body. During 1988, 22,000 feet of core drilling was completed bringing the total geologic reserves to over 2.0 million tons of ore containing 0.309 oz/ton of gold. Prior to July of 1989, Placer Dome U.S., a San Francisco based company, acquired a 50% interest in the mine. Work in 1989 has consisted of driving an 800-foot decline and obtaining 100-500 tons of ore for a bulk sample.

If feasibility studies are encouraging, the mine start-up date will be 1991. Initial estimates set the mining rate at 500 tons/day with an estimated average work force of 60 persons. The mine life is estimated at about 10 years.

☐ Chichagof Mine/ Hirst-Chichagof Mine

An assessment program was conducted in 1988 at the Chichagof Mine, located north of Sitka. In 1981, a new vein was discovered near the Golden Gate No. 4 Vein, and Golden Sitka Resources, Inc., was formed to explore and develop the properties. Also, feasibility studies were conducted on the potential of dredging for placer gold in the waters of Klag Bay by Ott Water Engineers for Coastal Development Corporation.

☐ Quartz Hill

Reviewing the awakening of Alaska's mining industry would not be complete without acknowledging U.S. Borax's Quartz Hill molybdenum deposit. This deposit, located 45 miles east of Ketchikan, contains in excess of 1.5 billion tons of ore, averaging 0.135% molybdenite per ton. This amounts to approximately 11% of the world's known molybdenum supply.

To date, U.S. Borax has invested over $100 million in the project. After 8 years, in 1988 the revised Draft Environmental Impact Statement was completed.

This deposit, when developed, would provide 800-1,000 permanent jobs. Ketchikan would be the main supply center for both personnel and supply needs.

Original estimates anticipated that this deposit would be in production in 1987. Unfortunately, delays in environmental studies, and more importantly, a decrease in the price of molybdenum has made a start-up production date uncertain. No matter when the mining of the deposit becomes a reality, it remains a major component in the revitalization of the Alaska mining industry.

☐ Canadian Mine Development

The resurgence and stabilization of the price of gold has created new Canadian interests in mining operations in British Columbia that will have Alaska infrastructure support. The evaluation of the Tulsequah Chief Mine, located about 50 air miles from Juneau, by Cominco/Redfern Mining Companies has delineated an ore body with over 50,000 ounces of gold and 2.3 million ounces of silver. In 1957, when the mine closed, remaining ore reserves were estimated at 780,000 tons containing 10,140 tons of copper, 12,480 tons of lead, and 62,000 tons zinc. If placed into production, logistical support would come through Juneau.

South of Wrangell, Alaska, Skyline Resources of Vancouver, British Columbia, developed the Johnny Mountain Mine to produce 200 tons per day. This production will be increased in the future to 300 tons per day with 686,000 tons of reserves at 0.57 oz/ton gold. This mine employs 75 workers.

To the south of the Johnny Mountain Mine, Cominco, Ltd., is exploring the Snip gold property and conducting feasibility studies for a strip mine. An estimated reserve of 1.58 million tons averaging 0.64 oz./ton gold is available at Snip. In the Sulphurets area, reserves of 850,000 tons averaging 0.35 oz./ton gold and 22.9 oz./ton silver is known.

In 1986, Curragh Resources, Inc. reopened the Faro Mine at Faro, Yukon Territory. Concentrates of lead and zinc from the 13,500 ton per day mill are trucked to Skagway, Alaska, for ocean transport to worldwide smelters. With over 17.5 million tons of outlined reserves, production can be assured for several years in the future.

Alaska Is Likely to Return As A Prominent Precious Metals Producer

As Alaska's mining industry stirs from its slumber, Alaska will rise in national standing as a mining state. Present gold production of 265,000 ounces places the state sixth in the nation behind Nevada, California, South Dakota, Utah, and Montana. A reopening of the AJ, Kensington, and Jualin mines, plus the addition of 36,000 ounces of gold from the Greens Creek Mine, would increase Alaska's annual gold production to an estimated 673,000 ounces per year by 1993. While this number would not surpass the 3,621,233 ounces of gold produced in 1988 from Nevada, or the 729,272 ounces from California, it would raise the state to number three in annual gold output. When the Red Dog Mine reaches full production capacity, Alaska will become the number two silver producer in the nation. Together, these two parameters assure Alaska's return as a major precious metals producing state.

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An Overview of Alaska's Oil Industry

by John Boucher, Brian Rae & James Wilson

In the last 30 years Alaska's oil & gas industry evolved from a minor player in the state's economy to one of the most important industries. By some measures, the oil and gas industry is today the most prominent one in the state.

This article is a broad view of Alaska's oil and gas industry. It will briefly examine its development and will look at Alaska's current position in the world oil market. Further, employment characteristics and trends in the industry will be examined. Finally, this article will air recent oil industry developments and how these developments may affect the industry in Alaska.

30 years ago Alaska was a minor player in the oil industry.

1957-1968: Infancy on the Kenai Peninsula

The Swanson River field, discovered in 1957 on the Kenai Peninsula, was the initial site of commercial production of Alaska oil and gas. Four offshore fields came online in the early 60s which brought Alaska's crude oil production to more than 200,000 barrels per day. (See Table 1.) By 1968, Alaska was a significant oil producer, and the industry was contributing more than 20% of the total revenue to the state's treasury.

1968-80: Prudhoe Bay Transforms Alaska into Oil Giant

In 1968, a super giant oil field was discovered at Prudhoe Bay. In 1969, $900 million in bids for Prudhoe oil tracts signalled the beginning of the black gold rush.

The remaining obstacle was finding a way to get Prudhoe Bay oil to market. A pipeline was proposed. Although many roadblocks materialized, the Arab oil embargo of 1973 spurred Congress into passing legislation enabling pipeline construction to begin.

Construction of the Trans-Alaska Pipeline System (TAPS) began in 1974 and was completed in 1977 at a cost of over $9 billion. In June 1977, the first barrel of North Slope crude flowed from the Trans-Alaska pipeline, and Alaska stepped into the big leagues of oil producers. By 1980 more than 1.5 million barrels of oil a day were flowing to Valdez.

1980-Present: Supplemental Development on the North Slope

The '80s in Alaska's oil industry have been characterized by wild fluctuations in oil prices and development of supplemental projects on Alaska's North Slope. High oil prices early in the decade spurred development of the Kuparuk River oil field which increased North Slope production by 300,000 barrels per day. Milne Point, Lisburne and Endicott fields added more than 150,000 barrels per day to that total. In 1986 and early 1987, the Milne Point field was temporarily shut down due to low oil prices.

Alaska produces 25% of all U.S. oil.

Alaska a Major U.S. player, a Minor Player in the Global Game

In 1988, Alaska produced more than 2 million barrels of oil a day. That represented more than 25% of the U.S.' production and about 3.5% of the total world production. Alaska ranked 9th last year in world oil production. Three Organization of Petroleum Exporting Countries (OPEC) produced at a higher rate than Alaska — Saudi Arabia, Iran, and Iraq. Five nonmembers of OPEC out produced Alaska — the USSR, the rest of the U.S., Great Britain, China, and Mexico. Even if all OPEC countries had produced at capacity in 1988 Alaska would have come in at 11th in total oil production. (See Table 2.)

The relationship between OPEC members' actual production and their potential production capacity has been the single biggest factor in the world oil market since 1973. Producing at less than capacity, OPEC has driven up the price for oil and facilitated oil development that was otherwise too costly or politically sensitive to consider.

Alaskan Oil: Subject to the Whims of the World Market

OPEC's potential to dictate world oil supply is important because it puts into perspective Alaska's current position in the world oil market. The

Table 1

Alaska Oil Production History since Statehood

(Barrels per Day)

Year	Production Event	Cook Inlet	Prudhoe Bay	Kuparuk	Milne Point	Lisburne	Endicott	TOTAL
1958	Swanson River	98						98
1959		511						511
1960		1,529						1,529
1961		17,333						17,333
1962		28,107						28,107
1963		29,425						29,425
1964	Middle Ground Shoals	30,285						30,285
1965		30,497						30,497
1966	Granite Point	39,355						39,355
1967	MacArthur River	79,215						79,215
1968	Trading Bay	181,103						181,103
1969		203,597						203,597
1970		229,080						229,080
1971		215,849						215,849
1972		201,540						201,540
1973		200,382						200,382
1974		197,796						197,796
1975		197,184						197,184
1976		183,586						183,586
1977	TAPS Opens	160,364	580,000					740,364
1978		137,559	1,089,000					1,226,559
1979		117,778	1,283,000					1,400,778
1980	Prudhoe at Maximum Efficienct Rate	98,851	1,522,000					1,620,851
1981	Kuparuk Start-up	86,411	1,522,000	2,990				1,611,401
1982		75,151	1,532,241	88,622				1,696,014
1983	Prudhoe Waterflood	67,947	1,536,413	109,207				1,713,567
1984		59,769	1,531,287	127,434				1,718,490
1985	Kuparuk Phase 2 Milne Point	47,154	1,556,023	215.888	1,929			1,820,994
1986	Kuparuk Phase 3 & Lisburne	46,611	1,537,752	257,514	12,901	8,500		1,863,278
1987	Endicott Starts Up Lisburne Full Development Central Gas Facility Online	40,000	1,590,000	280,000		40,000	20,000	1,970,000
1988	North Slope Production Peak?	40,000	1,590,000	300,000		40,000	100,000	2,070,000

Source: Alaska Department of Natural Resources, Division of Oil & Gas.

Table 2

World Oil Production and Reserves 1988

(Ranked by 1988 Production)

Country	1988 Production (thousands bbl./day)	1988 Capacity (thousands bbl./day)	Jan. 1, 1989 Oil Reserves (billion barrels)	1988 Production as a Percent of Total 1989 Reserves
Saudi Arabia	4,708	8,750	170.0	1.0%
Iraq	2,679	2,800	100.0	1.0
Iran	2,208	3,000	92.9	0.9
Kuwait	1,254	2,500	*91.9	0.5
Abu Dhabi	1,013	N/A	92.2	0.4
Dubai	355	N/A	4.0	3.2
Qater	349	600	3.2	4.0
Neutral Zone	316	N/A	5.2	2.2
Shar jah	65	N/A	1.5	1.6
Middle East OPEC	12,947	N/A	560.9	0.8
Venezuela	1,658	2,150	58.0	1.0
Nigeria	1,358	1,700	16.0	3.1
Libya	1,012	1,600	22.0	1.7
Indonesia	1,138	1,350	8.3	5.0
Algeria	667	700	8.4	2.9
Gabon	175	200	0.7	9.1
Ecuador	310	310	1.4	8.1
Total OPEC	19,265	N/A	675.7	1.0
USSR	12,477	N/A	58.5	7.8
Other Noncommunist	9,220	N/A	79.6	6.2
USA - Excluding Alaska	6,096	N/A	19.7	11.3
North Sea	3,445	N/A	15.6	8.1
China	2,690	N/A	23.6	4.2
Mexico	2,527	N/A	54.1	1.7
USA - ALASKA	2,070	N/A	6.8	11.1
Oman	597	N/A	4.1	5.3
Other Communist	422	N/A	1.8	8.6
Total NonOPEC	39,544	N/A	263.8	5.5
Total World	57,703	N/A	907.4	2.3

* Includes Neutral Zone capacity.

Source: Oil and Gas Journal, December 26, 1988 and Petroleum Intelligence Weekly, July 25, 1988
N/A: Not Available or Applicable.

OPEC countries, in particular Saudi Arabia, have tremendous potential to influence the world supply of oil. If all OPEC countries were to produce at full capacity they would drive down oil prices. One potential result of this scenario is the closure of oil fields which cannot produce as cheaply. As a comparatively small producer, Alaska just goes along for the ride when

(continued on page 9)

Occupational Staffing Patterns In Alaska's Oil Industry

Oil is More Than a Hard Hat Industry

Many people, if asked to describe their image of an oil and gas industry employee, might describe a roustabout working on an oil rig. Others would picture a corporate executive sitting behind a large desk. Still others might first think of a mariner employed on a supertanker. All would be right.

Since 1986 oil and gas firms operating in Alaska have been required to submit information to the Department of Labor describing the occupation and work location of all their employees. Analysis of this information provides some interesting — and not too surprising — insights into the industry. The left hand columns of the table below break out employment in the oil and gas industry by various occupational groups.

1 in 8 A Mechanic or Repairer, But Not In Every Region

Nearly one in every eight oil and gas employees (12.3%) in Alaska is a mechanic or repairer. As expected, these skills aren't demanded equally throughout the state. The four right hand columns of the table below point out the geographically uneven distribution for the different occupations; nearly 70% of mechanics and repairers work in the Northern region, 13.4% in Gulf Coast, and only 8.7% in the Anchorage/MatSu region.

While the Northern region claims the highest percentage of the industry's mechanics, Anchorage/MatSu is home for most of the office staff and those working in related technical trades. Over 20% of the industry's employees are either executives, administrators, or office staff. Two–thirds of the executives, administrators and corporate officers work in the Anchorage/MatSu area, as do one–half of the industry's clerical and administrative support workers. The area also claims most of the scientists, mathematicians and technicians.

The Gulf Coast region has only one–half the number of workers as Anchorage/MatSu and a third of the number as the Northern region. Yet it employs a significant share of workers in certain occupations. One–third of all welders and solderers are located in the Gulf Coast region. And nearly four in every ten material handlers, helpers and general laborers work in the region.

Extraction Workers Located in Northern & Gulf Coast Regions

The majority of workers in the extractive occupations (oil well drillers, explosives handlers, and mine machine operators, for example) are located in the Northern and Gulf Coast regions. The Northern region claims slightly less than one–half of all oil and gas industry employees; but nearly two–thirds of those employed in extractive occupations. Likewise, the Gulf Coast region is host to only 15% of all oil and gas jobs, but the area has 25% of the extractive jobs.

Overall, regional occupational breakouts portray an industry that has different occupational needs in different regions. Most administrative and scientific employees work in areas where support services are most accessible. Those occupations which are responsible for production work close to the resource.

Oil & Gas Industry Occupational Patterns

Oil & Gas Industry Occupational Breakdown for Alaska			Oil & Gas Industry Occupational Breakout By Region			
Rank	Pct. of Total	Occupation	Northern	Anch. Mat/Su	Gulf Coast	Balance of State
1	12.3%	Mechanics & Repairers	69.5%	8.7%	13.4%	8.4%
2	10.9	Admin. Support & Clerical	35.1	54.1	7.1	3.7
3	10.5	Officers Administrators & Execs	26.3	65.7	4.6	3.3
4	9.7	Handlers, Helpers & Laborers	46.2	4.8	38.6	10.4
5	8.0	Material Moving Occupations	63.1	6.9	22.9	7.1
6	7.7	Extractive Occupations	63.7	5.5	25.5	5.3
7	7.7	Engineers, Surveyors & Architects	36.5	56.7	3.7	3.1
8	6.5	Plant & System Operators	56.1	25.4	18.4	0.2
9	6.3	Construction Trades	59.0	9.7	21.7	9.7
10	4.9	Natural Scientists & Mathematicians	10.5	87.9	1.2	0.4
11	4.5	Technicians	40.0	53.4	6.1	0.5
12	2.4	Welders & Solderers	59.4	6.2	33.0	1.4
	8.7	All Other	49.2	30.8	16.1	3.9
	100.0	Total	47.7	31.5	15.8	5.0

Source: Alaska Department of Labor, Resident Hire Files

(continued from page 7)

countries or events act to manipulate prices. The results for the Alaskan economy can be bountiful, as evidenced by the boom in the early 1980s. Or they can be traumatic, as was the case when oil prices crashed in 1986.

Trends: Employment Small, Productivity High

Alaska's oil industry (defined as those companies producing or performing oil and gas field services) employed about 9,000 people in 1988. This was little more than 4% of the state's total wage and salary employment. If the definition of industry activity were to be extended to include pipelines, refineries, and wholesale and retail sales of petroleum products, the employment number stretches to 11,000.

This is a relatively small number compared to the oil industry in other U.S. oil producing states, especially when the amount of oil produced is figured into the equation. By comparison, Texas' oil industry employs over 171,000 people; nearly 120,000 more are employed in related activities. Texas employs these greater numbers despite the fact that the amount of oil produced there amounts to only slightly more than that produced in Alaska. Table 3 compares the barrels produced per employee ratios for the major oil producing states.

Prudhoe = High Productivity

No, Alaskan oil industry workers are not that much more productive than those in other states. Circumstances surrounding the industry in this state are different than in any other state. Prudhoe Bay is the nation's only producing super giant oil field, and its sheer size and productivity per well lends itself to a smaller work force. The average Alaska oil well produced more than 588,000 barrels of crude oil in 1988; in Texas that figure was slightly more than 3,900 barrels. The average production per oil well translates into fewer producing wells in Alaska (1,216 in 1987 compared to Texas' 198,163). One consequence of this is that fewer people are needed to support the smaller number of Alaska rigs. While fewer oil wells partly explains why direct oil industry employment in Alaska is smaller, it doesn't explain why indirect employment is smaller. The industry's indirect activities, such as pipelines, refineries, and wholesale and retail distribution of petroleum products, are a size smaller in Alaska because this state has a much smaller, more fragmented market for petroleum products than exists in Texas or elsewhere in the nation.

High Productivity + Large Oil Companies = Smaller Employment Fluctuations

One effect of the relatively low amount of labor needed to produce a barrel of oil from Prudhoe is that it has made Alaska oil industry employment less sensitive to changes in oil prices than in other oil producing states. Figure 1 compares annual changes in employment in the oil industry during the past seven years in the five largest oil producing states. In general, during the last seven years employment changes on the down side have been less severe in Alaska than in other oil producing states. On the other hand, when conditions have been favorable for employment growth, Alaska has been among the growth leaders.

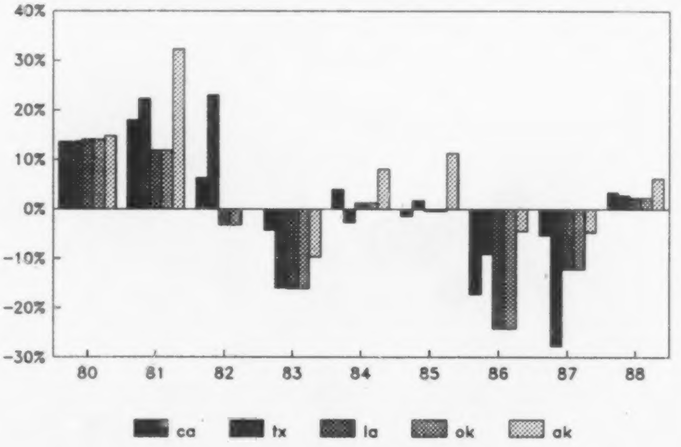
Another factor which cannot be ignored when examining employment trends is the relative size and strength of the players in Alaska's oil industry. Alaska's oil industry is dominated by a few well capitalized, well positioned oil companies. In other states, smaller independent oil companies play a much larger role in the industry. The companies involved in Alaska's oil industry are better positioned to ride out price fluctuations than smaller companies, and one result of this is more stable employment in Alaska.

When Employment Changes Occur: Oil Field Services are Affected First

Alaska's oil industry breaks down into two basic sectors: firms engaged in the general operation of oil field properties, and firms providing services to companies operating oil properties. The former category, oil producers, is where traditional oil company employment is counted — Atlantic Richfield Inc. (ARCO), British Petroleum Exploration, and Exxon, for example. An example of firms in the latter category, oil field services, are VECO Inc. and Alaska United Drilling. In general, employment has been somewhat evenly divided between these two categories. (See Table 4.)

Figure 1

Changes in Oil Industry Employment in the Five Largest Oil Producing States 1980-1988



Source: U.S. Department of Labor, Bureau of Labor Statistics.

While the distribution of total employment has been in the 40-60 percent range for each of the categories, employment patterns in the two sectors are different. Table 4 examines the oil field services component of the industry in greater detail. It is evident that since 1980 the most volatile part of oil industry employment appears in firms providing services to traditional oil companies, especially those firms providing exploration services. The fluctuations in exploration employment generally parallel the fluctuations in world oil prices. When prices are high, more fields become feasible and exploration employment booms. On the other hand, when prices fall exploration is curtailed and firms drilling and exploring for new finds are the first to be cut back.

More than Just a Hard Hat Industry

While the image of an oil industry worker is a rig attendant wearing a hard hat, the industry covers a broad range of occupations. Geologists, clerical staff, construction workers, and mathematicians are all part of the industry picture. (See sidebar on page 8.) So although the oil industry has a blue collar image, it is still host to plenty of white collar jobs.

Table 3

Thousands of Barrels Produced Per Employee 1/

	1986	1987
Alaska	80.6	88.8
Louisiana	8.4	9.4
Oklahoma	3.0	3.1
Texas	4.3	4.5
Wyoming	11.0	13.0
TOTAL	7.0	7.7

1/ Employee count includes only those in oil and gas extraction firms, not indirect employment such as oil and gas refineries.

Source: Petroleum Independent, September 1988.

A large number of the blue collar employees work in the oil field services segment of the industry. The difference in the type of work conducted by blue collar and white collar workers is made evident in the occupational injury and illness statistics. The oil field services industry is a far more hazardous place to work than is the traditional oil company. (See sidebar on injury and illness statistics page 12.)

Oil Spill Clouds Industry's Immediate Future

Ever since the discovery of Prudhoe Bay, speculation has been that Alaska's economic future would be intimately tied to the oil industry. Events occurring between 1969 and the present have reinforced that impression. The last eight months, though, have cast doubt as to what the industry's role will be in the 1990s and beyond. The Exxon Valdez oil spill set off a number of reactions, including a tax increase on the industry in the form of repeal of the Economic Limit Factor (ELF), legislation mandating more extensive clean-up capabilities and a re-evaluation of the development of oil reserves in the Arctic National Wildlife Refuge (ANWR).

Despite the events that have transpired since the spill, several facts lead one to believe that the oil industry will continue to be a prominent player in Alaska's economy well into the next century. First, Alaska's market position, while it may erode gradually, should continue to be good. Prudhoe Bay is the largest, most efficient oil producing field in the United States. And regardless of inevitable declines in production, Prudhoe will be a significant oil producer into the next century. Second, ANWR represents what the U.S. Department of Energy has characterized as one of the largest potential oil reserves in the U.S. These facts, coupled with projections that the U.S. will be importing more than 60% of its oil by the year 2000, increase the likelihood of the development of ANWR.

Table 4

Alaska Oil Industry Employment

Industry	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total Oil & Gas	6,154	8,116	8,085	7,443	8,040	8,869	8,509	8,064	8,619
Producers	3,312	3,156	3,549	4,057	4,515	4,748	4,639	4,460	4,568
Oil Field Services	2,842	4,960	4,536	3,386	3,525	4,121	3,870	3,604	4,051
Drilling	991	1,493	1,245	815	841	1,174	1,171	846	893
Exploration (Seismic)	751	1,447	1,615	930	710	673	340	298	294
Other Oil Field Services	1,100	2,020	1,676	1,641	1,974	2,274	2,359	2,460	2,864

Oil Industry Indicators

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Number of oil rigs operating	14	23	22	14	14	20	13	8	n/a
Exploration (crew months)	37	82	129	58	79	48	16	5	n/a
Production (millions of barrels)	591.6	587.3	618.9	625.5	630.4	666.2	681.3	716.0	738.1

Source: Employment, Alaska Department of Labor, ES-202 data; Oil Industry Indicators, Petroleum Independent, September 1988 except 1988 production from Oil & Gas Conservation Commission.
N/A: Not available.

Finally, add in the near certainty of continued supplemental development of fields in the Prudhoe area, and the oil industry's future looks bright in Alaska. And this doesn't even figure in the potential of tapping Alaska's tremendous North Slope natural gas resource.

This is not to say that the oil industry's future — especially when it comes to new development — is guaranteed. Like any resource or potential resource, Alaska's oil industry must remain competitive with other oil producers, as well as with substitute energy forms. Development of ANWR oil reserves, for example, while likely, is not a certainty.

The mere presence of oil and gas reserves doesn't translate into oil industry investment or employment. While there are significant developable oil & gas reserves in Alaska, political and market conditions must be favorable for major expansion to occur.

It's a matter of debate whether a compelling case can be made for ANWR development in light of the Valdez oil spill. There is less debate, though, that the specter of rising dependance on imported oil will carry a great deal of weight in future decisions. Another factor that weighs in the equation is that the most likely alternative to ANWR — increased consumption of imported oil — will do nothing to decrease oil tanker traffic. Most imported oil is shipped by ocean going tankers; not developing ANWR would likely redirect traffic to and from Alaska, but it wouldn't necessarily reduce overall oil tanker traffic.

Other than the development of ANWR or the proposed gasline, there are potential development sites on the North Slope which should provide incremental increases to Alaskan oil production. Development of these fields is likely to be gradual, however. And they are not likely to replace lost production at Prudhoe that will occur between now and the time when they come into production.

Summary

The oil and gas industry has developed into one of the state's most prominent industries in the last 30 years. Production from the Prudhoe Bay super giant oil field has made Alaska a major U.S. producer and a significant, but lesser player in the world oil market. Employment in Alaska's oil industry is much less than other oil producing states in large part due to the production per well at Prudhoe. Alaska's oil industry has two employment components — a relatively stable producing sector and a more volatile oil field services sector. Employment in oil field

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services is much more sensitive to price changes than production employment. While the oil industry provides a lot of blue collar employment for Alaskans, it also has a good percentage of white collar jobs.

The Exxon Valdez oil spill has raised some questions as to the future of the oil industry in the state. More stringent legislation and a more scrutinizing public are just two results of the spill. The potential future of the industry in Alaska looks to be bright with the possibility of expansion at ANWR, a potential gas pipeline, and continuing production and development in the Prudhoe area. Future development, however, is contingent on two factors: the ability of Alaska's oil industry to remain competitive in the world oil market, and the political climate surrounding development of Alaska's remote, pristine areas.

Worker Injuries and Illnesses in Alaska's Oil & Gas Industry

Oil & Gas Not One of Alaska's High Injury Industries

Worker injury data shows that 5% of the private sector OSHA recordable injuries and illnesses are attributed to workers employed in the oil & gas industry. Of the 8,069 private sector time loss cases reported to the Alaska Division of Workers' Compensation for 1987, 423 were workers employed by oil & gas companies.

Although some might think of oil & gas as an injury prone industry, this is not born out by OSHA statistics. Oil & gas has a low incidence of worker injuries and illnesses compared to many of Alaska's private industries — lower than manufacturing, construction, and transportation. In fact, during the period 1985 to 1987, the OSHA recordable case rate for oil & gas has been lower than the rate for retail trade.

Work injury and illness rates are stated in terms of the estimated number of cases per 100 "workers", where one worker is equal to 2,000 hours worked. This allows a common standard for comparing all Alaska industries despite differing work hour patterns.

From 1982 to 1986 oil & gas experienced a five-year series of steadily dropping rates for OSHA recordable injury and illness cases. The 1986 rate was the lowest ever recorded for the industry (8.2 cases per 100 workers)1/. In 1987, the OSHA case rate increased to 9.0 cases per 100 workers, ending the five year trend of dropping rates.

Oil Field Services Work More Hazardous Than Production Work

The oil and gas industry has two components, production and field services (which includes drilling and exploration). The 1987 employment composition was 55% production and 45% services. The two components have vastly different rates of injury.

The incidence rate for OSHA recordable injuries and illnesses in the production component is relatively low. The 1987 rate was 3.5 cases per 100 workers, lower than most other industries. In comparison, the rate of OSHA cases in the field services component for 1987 was 15.2 cases per 100 workers. This is higher than the total private sector rate of 10.9 and only slightly lower than the incidence rate for Alaska's construction industry (17.1). The oil field services industry had its lowest recorded OSHA case rates in 1986–1987.

The time loss case rate is a measure of the more serious injury and illness cases — those cases requiring the employee to be absent from work. The lost workday case rate for oil & gas was stable during 1986–1987, following a general trend of declining rates in the prior few years. The lost workday case rate in oil and gas field services was stable from 1986 to 1987, holding at its record low of 6.8 cases per 100 workers.

Falls & Fractures are Common Injuries

A brief portrait of worker injury characteristics has been developed from time loss cases filed with the Alaska Division of Workers Compensation. Oil & gas has a lower portion of back injuries than most other industries. Injury data for 1987 show that injuries to the lower extremities accounted for 96 of the 423 time loss cases, a greater proportion than the average for all industries. Falls also account for a greater portion of accidents in oil & gas than in other industries. Oil & gas typically has a higher percentage of fracture injuries than other industries.

1/ Many employees in the oil and gas industry work long hours (as compared to the standard 40-hour week). The incidence rate, based on hours worked, can not be used to derive the number of injuries as a proportion of the annual average employment.

August Ends A Generally Upbeat Summer

by Holly Stinson

Alaska's economy continued to exhibit encouraging growth in August, posting a hefty over the year increase in employment of 5+%. Jobs reached a probable peak for the year during August, the usual month for maximum employment in the state. (See Table 1 and Figure 1.)

There were almost 12,000 more jobs than a year ago, but almost half of those were oil cleanup jobs. Even without those jobs, employment grew at a healthy rate of 2.6% over the year.

Major contributors to growth besides oil spill cleanup workers were jobs in government, services, retail trade and mining. Drags on employment growth remained in the finance-insurance-real estate and manufacturing sectors. Two major components in Alaska's manufacturing sector, seafood processors and the wood products industry, employed fewer workers this August than last year.

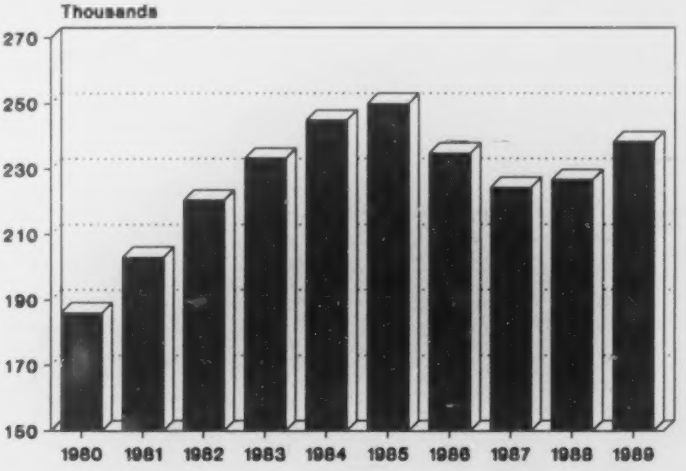
While employment grew, the state crossed a historic threshold when the unemployment rate fell below 6% for the first time since at least 1976 (earlier comparable statistics are not available). (See Table 4.)

Fewer Oil Cleanup Jobs Available in August

The transportation industry- where oil cleanup workers are counted- led August's over the year job growth, but there were signs of changes to come. A drop of 200 jobs from July to August was the first indication of demobilization of the cleanup workers.

Figure 1

August Employment in Alaska During the 1980s



Source: Alaska Department of Labor, Research & Analysis.

By early August there were no new hires of cleanup workers. Payrolls were reduced by attrition as workers rotating off the front lines were not returned to work. Although most of the cleanup jobs will have disappeared by mid-September, VECO plans on keeping 500 workers busy through winter on spill-related tasks.

Despite the drop in August oil spill employment, direct cleanup jobs attributable to VECO and Norcon accounted for 5,400 jobs in the transportation industry. This is all but 300 of the 5,700 additional jobs available in the transportation industry compared to August 1988.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

				Changes from:	
	p/ 8/89	r/ 7/89	8/88	7/89	8/88
Nonag. Wage & Salary	238,300	237,900	226,700	400	11,600
Mining	11,000	10,900	10,300	100	700
Construction	11,300	11,100	11,000	200	300
Manufacturing	21,200	22,500	22,200	-1,300	-1,000
Seafood Processing	13,400	14,900	14,300	-1,500	-900
Lumber & Paper Products	4,200	4,000	4,300	200	-100
All Other Manufacturing	3,600	3,600	3,600	0	0
Trans., Comm. & Utilities	24,800	24,900	18,300	-100	6,500
Trucking & Warehousing	2,400	2,400	2,300	0	100
Water Transportation	7,000	7,200	1,300	-200	5,700
Air Transportation	6,200	6,200	5,800	0	400
Communications	3,300	3,300	3,300	0	0
All Other Transportation	5,900	5,800	5,600	100	300
Trade	46,100	46,000	44,700	100	1,400
Wholesale	8,300	8,300	8,000	0	300
Retail	37,800	37,700	36,700	100	1,100
Gen. Merch. & Apparel	5,500	5,600	5,200	-100	300
Food Stores	6,500	6,400	6,200	100	300
Eating & Drinking Places	14,300	14,200	14,000	100	300
All Other Retail	11,500	11,500	11,300	0	200
Finance, Insurance & R.E.	10,700	10,700	10,900	0	-200
Services	47,000	46,600	45,500	400	1,500
Hotels & Other Lodging	6,300	6,400	6,000	-100	300
Government	66,200	65,200	63,800	1,000	2,400
Federal	18,700	18,600	18,500	100	200
State	19,900	19,900	18,600	0	1,300
Local	27,600	26,700	26,700	900	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Growth in Gulf Coast Skewed by Oil Cleanup Jobs

The enormous increase in Gulf Coast's transportation industry skews the region's growth. While employment grew a phenomenal 23.5%, growth is less than 1% when the cleanup jobs are excluded. (See Table 2.) The growth experienced outside of the cleanup work force was due to additional jobs in government, services and trade.

August marked the half-way point for completion of the Bradley Lake hydroelectric project. Several factors, including lower than expected inflation, helped keep the $356 million project under budget by $28 million so far. The last phase, construction of transmission lines, began this summer. Bradley Lake continues to keep Gulf Coast's construction employment steady.

Seafood Harvest Down in Gulf Coast . . .

On the down side in Gulf Coast, seafood processing accounted for a loss of over 1,000 jobs from last August's level. Much of the decrease in employment is due to closures of many salmon harvesting areas this summer. Some of the decrease is also attributed to a lack of available workers when employers had fish to process.

More than 22 million salmon were harvested in Prince William Sound this season. This is one-third again as much as the 1988 harvest, but less than half of the record harvest that was originally predicted. The hatcheries had a better season than individual harvesters. The Prince William Sound Aquaculture Corp. announced a record harvest for its three hatcheries, and a record earnings of $14.5 million.

In other fisheries in Prince William Sound, both the pot and trawl shrimp fisheries scheduled for mid-August were cancelled due to oil in the area. While these fisheries are small potatoes compared to the area's salmon harvest (the value of the shrimp harvest is less than $1 million compared to a salmon harvest as high as $70 million) it was still another economic disappointment for the area.

The oil spill caused some odd twists in the fishing industry. In Kodiak, closure of 51 of 52 salmon fishing areas drove fishermen to enter a lottery for a chance to harvest hatchery salmon. Processors turned into gamblers this season, bidding for portions of the Kitoi hatchery's salmon. Successful bidders were deluged with salmon while unsuccessful bidders' plants sat idle. The hatchery's pink salmon harvest was double the expected 2 million. By the end of August, Kitoi, a nonprofit organization, was pondering what to do with this year's extraordinary profit of $10 million.

. . . But Salmon Harvest Sets Record Statewide

While Gulf Coast had fewer seafood jobs this summer, the salmon harvest was excellent for the state overall. This year's salmon harvest set a record for volume, although it did not set a record for value since prices were well below last year's. Strong salmon runs in Southeast and Bristol Bay kept processing jobs above year-ago levels in both of these areas. However, the loss of jobs in Gulf Coast kept statewide levels below 1988 this summer, and August was no exception.

Southeast Pinks A Big Contributor to Record Salmon Catch . . .

Southeast's salmon harvest was a big factor in making Alaska's 1989 salmon season a record year. Five times as many pink salmon were caught as last year. And while last year's disastrous harvest was easy to top, this year's harvest was more than twice what had been expected. The record salmon harvest kept Southeast processors busy. Employment climbed 500 over-the-month to a level slightly above August 1988 employment.

. . . While Most of the Rest of Southeast Continues Growing

The Greens Creek silver mine near Juneau continued to account for over-the-year increases in mining employment in Southeast. By all accounts the tourist season was a good one in Southeast, keeping jobs in trade and services considerably above year-ago levels. And a healthy construction industry in Juneau and Ketchikan contributed to Southeast's over-the-year employment growth of almost 5%.

This summer's unusually dry, sunny weather in Southeast Alaska caused a shutdown of the Ketchikan Pulp Mill. An inadequate water supply forced a temporary layoff of 200 mill workers in late August. Lumber processing employment was already down slightly even without taking these layoffs into account.

Regional Disparities Characterize 1989 Tourist Season

Like the fishing industry, there were disparities in the tourism industry, depending on the region. In Valdez, the director of the Convention & Visitors Bureau estimated a 30% drop in tourists from last summer. Some of the decrease was attributed to fewer cruise ships docking in Valdez- schedules which were planned before the oil spill happened. The number of over-the-road visitors also appeared lower than usual. Flights into Valdez were usually filled with spill-related passengers; they also took up most of Valdez's hotel space, leaving little room for tourists.

Although Valdez saw fewer cruise ship passengers this year, other ports saw an increase. Holland/America, the largest tour company operating in Alaska, reported their passenger count was up 19% this season. Four new ships are slated to visit Alaskan waters next season, and one already on the route is being expanded to accommodate more passengers. Their destinations vary from Southeast to Southcentral ports. Additional cruise ship traffic should continue to bolster many sectors of the economy.

A solid tourist season for Anchorage and Fairbanks contributed to more jobs in services and retail trade than last year for both cities.

Interior Mining Loses Largest Firm While Others Prepare To Open

News in the mining industry also varied in August. The announcement that Valdez Creek Gold Mine would shut

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	107,250	106,250	103,650	1,000	3,600
Mining	4,000	3,800	3,600	200	400
Construction	5,050	5,000	5,150	50	-100
Manufacturing	3,300	3,400	3,200	-100	100
Trans., Comm. & Utilities	10,300	10,200	9,550	100	750
Trucking & Warehousing	1,550	1,550	1,450	0	100
Water Transportation	550	550	300	0	250
Air Transportation	3,700	3,700	3,600	0	100
Communications	1,900	1,850	1,800	50	100
All Other Transportation	2,600	2,550	2,400	50	200
Trade	26,050	25,900	24,850	150	1,200
Wholesale	5,850	5,950	5,750	-100	100
Retail	20,200	19,950	19,100	250	1,100
Gen.Merch. & Apparel	2,650	2,650	2,700	0	-50
Food Stores	3,150	3,150	2,700	0	450
Eating & Drinking Pl.	8,150	7,900	7,800	250	350
All Other Retail	6,250	6,250	5,900	0	350
Finance, Insurance & R.E.	6,900	6,900	7,050	0	-150
Services	26,250	25,950	25,250	300	1,000
Government	25,400	25,100	25,000	300	400
Federal	10,350	10,300	10,350	50	0
State	6,700	6,700	6,450	0	250
Local	8,350	8,100	8,200	250	150

Fairbanks North Star Borough

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	27,400	27,350	26,850	50	550
Mining	200	200	200	0	0
Construction	2,000	2,000	2,050	0	-50
Manufacturing	700	650	700	50	0
Trans., Comm. & Utilities	2,150	2,150	2,100	0	50
Trucking & Warehousing	450	450	400	0	50
Air Transportation	350	350	350	0	0
All Other Transportation	1,350	1,350	1,350	0	0
Trade	6,450	6,450	6,350	0	100
Wholesale	800	800	800	0	0
Retail	5,650	5,650	5,550	0	100
Food Stores	800	800	750	0	50
All Other Retail	4,850	4,850	4,800	0	50
Finance, Insurance & R.E.	800	800	800	0	0
Services	6,200	6,150	6,150	50	50
Government	8,900	8,950	8,500	-50	400
Federal	2,900	2,900	2,800	0	100
State	3,650	3,700	3,400	-50	250
Local	2,350	2,350	2,300	0	50

Anchorage-MatSu Region

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	113,800	112,550	110,150	1,250	3,650
Mining	4,000	3,800	3,600	200	400
Construction	5,400	5,200	5,500	200	-100
Manufacturing	3,500	3,550	3,300	-50	200
Trans., Comm. & Utilities	10,850	10,800	10,050	50	800
Trade	27,550	27,350	26,500	200	1,050
Finance, Insurance & R.E.	7,350	7,350	7,500	0	-150
Services	27,700	27,250	26,650	450	1,050
Government	27,450	27,250	27,050	200	400

Interior Region

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	31,950	31,750	31,350	200	600
Mining	400	350	350	50	50
Construction	2,100	2,100	2,150	0	-50
Manufacturing	700	700	750	0	-50
Trans., Comm. & Utilities	2,650	2,600	2,600	50	50
Trade	6,900	6,900	6,850	0	50
Finance, Insurance & R.E.	900	900	900	0	0
Services	6,950	6,850	6,900	100	50
Government	11,350	11,350	10,850	0	500

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988　　p/ denotes preliminary estimates　　r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 17)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	35,800	34,750	34,200	1,050	1,600
Mining	300	300	200	0	100
Construction	1,400	1,350	1,250	50	150
Manufacturing	7,200	6,600	7,250	600	-50
Seafood Processing	3,000	2,500	2,950	500	50
Lumber & Paper Products	3,950	3,850	4,000	100	-50
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,700	2,650	2,600	50	100
Trade	5,600	5,600	5,300	0	300
Wholesale	550	550	450	0	100
Retail	5,050	5,050	4,850	0	200
Finance, Insurance & R.E.	1,050	1,050	1,050	0	0
Services	5,650	5,550	5,250	100	400
Government	11,900	11,650	11,300	250	600
Federal	2,250	2,200	2,100	50	150
State	5,450	5,350	5,150	100	300
Local	4,200	4,100	4,050	100	150

Southwest Region

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	15,100	16,500	14,650	-1,400	450
Seafood Processing	4,400	6,000	4,200	-1,600	200
All Other Private	5,100	5,000	5,000	100	100
Government	5,600	5,500	5,450	100	150
Federal	1,350	1,350	1,300	0	50
State	550	550	550	0	0
Local	3,700	3,600	3,600	100	100

Gulf Coast Region

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	29,350	29,850	23,750	-500	5,600
Mining	850	850	850	0	0
Construction	1,100	1,050	1,100	50	0
Manufacturing	5,350	5,400	6,400	-50	-1,050
Seafood Processing	4,600	4,650	5,750	-50	-1,150
All Other Manufacturing	750	750	650	0	100
Trans., Comm. & Utilities	7,100	7,700	1,500	-600	5,600
Trade	4,450	4,400	4,200	50	250
Wholesale	700	700	650	0	50
Retail	3,750	3,700	3,550	50	200
Finance, Insurance & R.E.	550	550	550	0	0
Services	4,150	4,200	3,800	-50	350
Government	5,800	5,700	5,350	100	450
Federal	650	650	600	0	50
State	2,000	1,950	1,650	50	350
Local	3,150	3,100	3,100	50	50

Northern Region

	p/	r/		Changes from:	
	8/89	7/89	8/88	7/89	8/88
Nonag. Wage & Salary	14,500	14,200	13,700	300	800
Mining	5,650	5,600	5,250	50	400
All Other Private	4,550	4,550	4,250	0	300
Government	4,300	4,050	4,200	250	100
Federal	400	400	400	0	0
State	300	300	300	0	0
Local	3,600	3,350	3,500	250	100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 8/89	r/ 7/89	8/88	p/ 8/89	r/ 7/89	8/88	p/ 8/89	r/ 7/89	8/88
Mining	$1,072.28	$1,069.21	$1,163.94	49.3	48.8	50.3	$21.75	$21.91	$23.14
Construction	1,117.70	1,168.34	1,055.38	47.2	48.6	43.2	23.68	24.04	24.43
Manufacturing	633.10	521.40	522.47	55.1	47.4	46.9	11.49	11.00	11.14
Seafood Processing	552.64	437.36	412.85	60.2	49.7	48.8	9.18	8.80	8.46
Lumber & Paper Prod.	772.88	664.41	713.37	47.3	42.4	43.0	16.34	15.67	16.59
Trans., Comm. & Utilities	932.69	869.78	570.13	50.8	48.7	35.7	18.36	17.86	15.97
Trade	387.98	408.07	369.35	35.4	36.5	33.7	10.96	11.18	10.96
Wholesale	496.51	552.77	512.34	37.7	38.9	37.7	13.17	14.21	13.59
Retail	351.19	357.78	320.09	34.6	35.6	32.3	10.15	10.05	9.91
Finance, Ins. & R.E.	406.33	413.57	394.02	35.8	38.4	33.0	11.35	10.77	11.94

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

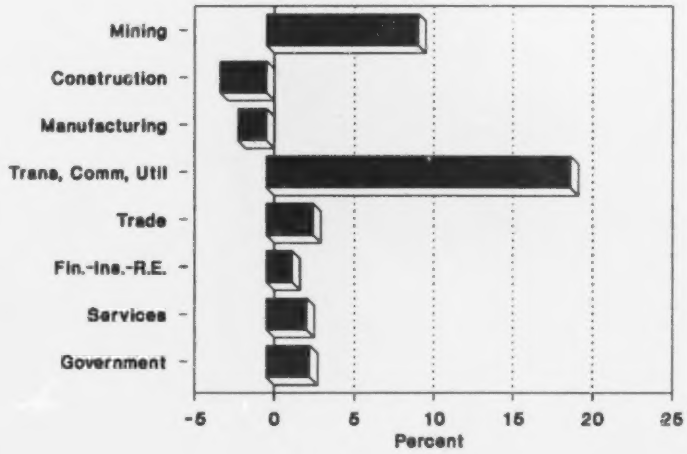
[2]/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Change in Employment by Industry 1988 vs. 1989 (8 Month Average)



Source: Alaska Department of Labor, Research & Analysis.

down this autumn, putting 170 miners out of work, was followed by news of another mine's probable opening elsewhere in the Interior.

A Canadian firm announced that ore assayed from an old mine northeast of Fairbanks was rich enough to make a mining operation there a virtual certainty. Exploration will continue next summer; 120-200 people will be employed if the mine goes into production. This is only one of several mining prospects being explored in the Interior and the number of mining jobs reflects this increased activity. While employment was flat in Fairbanks, in the Interior it was up by 50 from July and by the same amount from year-ago levels.

Interest in gold mining continues to increase in the Nome area, also. After WestGold's success with its huge gold dredge operating in the seas off Nome, it came as no surprise that the state's mining office was inundated in August with lottery applications for 19 additional offshore leasing tracts near Nome.

Employment in the oil and gas portion of the mining industry continued to make a strong comeback in August. Both the Anchorage and Northern areas each had 400 more mining jobs compared to August 1988. In both areas this increase is almost all oil and gas employment.

Air Cargo Boosting Anchorage Transportation Employment

Another strong gainer in Anchorage's employment scene for August was the transportation industry. Every component of this industry, which includes transportation (air, water and surface), communications, and utilities, enjoyed over-the-year increases. Spill-related activity accounts for some of this increase. Through June, the amount of air cargo handled at Anchorage's airport increased phenomenally, much of it destined for the spill cleanup effort.

August marked a change in Anchorage's transportation industry when Federal Express took over the international cargo company, Flying Tigers. While the Flying Tiger logo is gone from the fleet of 747's parked on Anchorage's tarmac, the local jobs remained with the new employer. Federal Express also began hiring employees to staff their new international hub.

MatSu Borough Selected for Jobs Corps Center

The MatSu Borough received some welcome news in August when it was selected as a site for a federal Job Corps Center. One possible location is the empty junior/senior high school campus between Palmer and Wasilla. The Center should bring in 50 new jobs and 200-250 residential students by 1991. There was also some discouraging news for the area when Mitsui announced a one year setback to their timetable for developing a ski resort at Hatcher Pass.

3.5% Employment Growth So Far In 1989

With August employment numbers in, two-thirds of 1989 is history. A look at the 8-month average employment for 1989 in comparison to the same period in 1988 shows employment growth statewide at 3.5% for the first eight months of 1989.

Gulf Coast led the growth with a 16.5% increase over 1988 employment. While this growth rate boosts the statewide picture, the relatively small employment of the Gulf Coast region affects statewide growth about 1%.

The industry leader for growth is, not surprisingly, transportation. (See Figure 2). Mining is also showing a substantial growth rate in the first 8 months of 1989. The construction industry lost jobs compared to the average of the first eight months of 1988. However, a turnaround may be approaching in construction as over the year employment gains were posted in June, July and August. The manufacturing sector also had lower employment in the first 8 months of 1989 than it did in 1988. Fewer seafood processing jobs in Gulf Coast and lower timber employment in Southeast account for manufacturing's negative rate.

Summary: A Healthy, But Skewed Growth Rate

Employment growth continued and most likely peaked during August. The transportation industry outshone all others in employment growth, with oil cleanup workers in Gulf Coast continuing to skew the picture.

August marked the completion of two-thirds of the year, and a look at 8-month average employment showed the state growing 3.5% over 1988. Disparities exist, with regional economies providing mixed reviews for industries unaffected by the oil spill. Overall though 1989 is revealing a healthy economy for Alaska.

About the author:

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Table 4

Labor Force By Region and Census Area

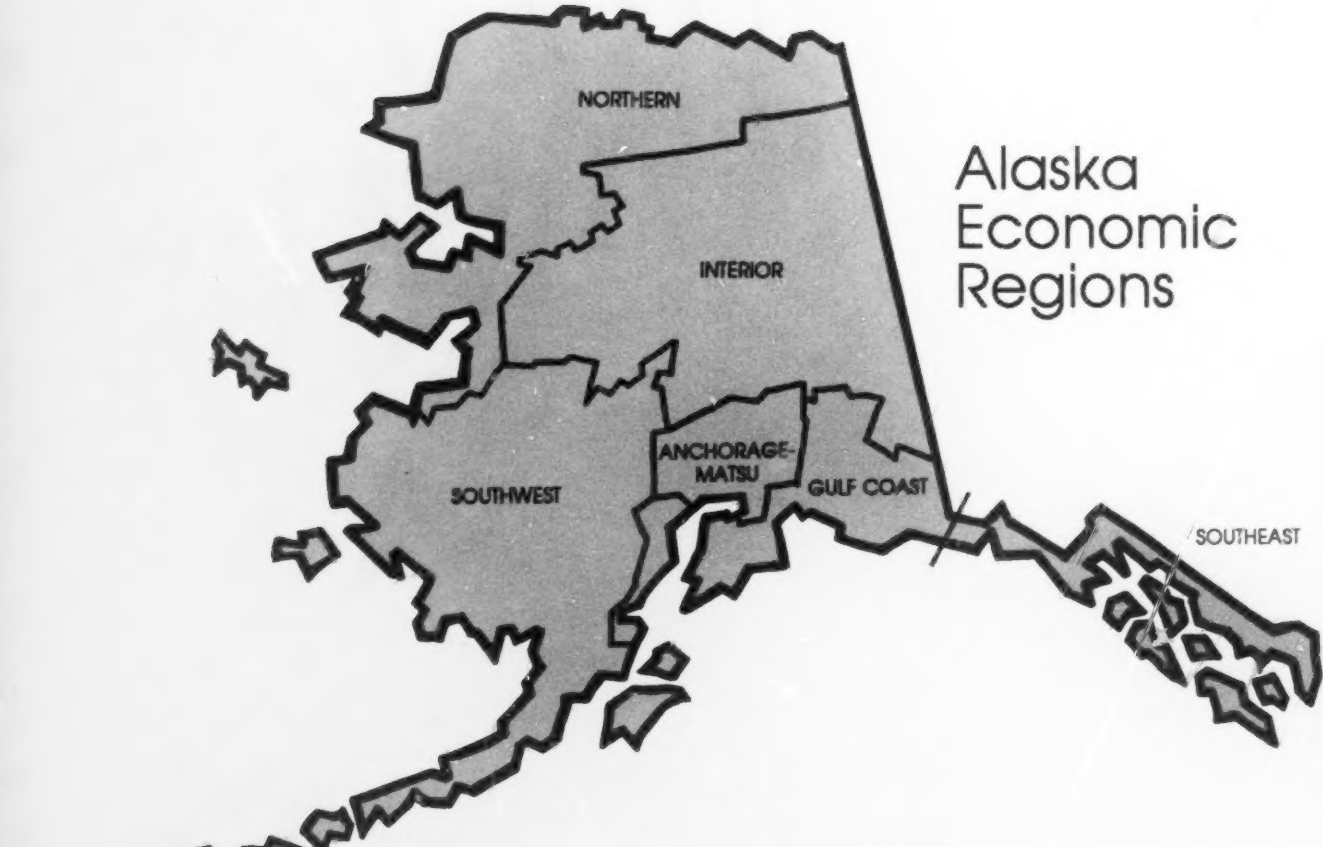
	Labor Force			Unemployment			Rate			Employment		
	p/ 8/89	r/ 7/89	8/88	p/ 8/89	r/ 7/89	8/88	p/ 8/89	r/ 7/89	8/88	p/ 8/89	r/ 7/89	8/88
Alaska Statewide	249,497	250,786	250,167	14,646	15,336	20,664	5.9	6.1	8.3	234,851	235,450	229,503
Anch.-MatSu Region	123,027	122,712	126,320	6,891	6,954	10,237	5.6	5.7	8.1	116,136	115,758	116,083
Anchorage Borough	109,440	109,482	111,759	5,423	5,290	8,035	5.0	4.8	7.2	104,017	104,192	103,724
MatSu Borough	13,587	13,230	14,561	1,468	1,664	2,202	10.8	12.6	15.1	12,119	11,566	12,359
Gulf Coast Region	34,171	34,805	30,137	1,630	1,703	2,654	4.8	4.9	8.8	32,541	33,102	27,483
Kenai Peninsula Borough	21,309	21,646	19,031	1,305	1,297	2,136	6.1	6.0	11.2	20,004	20,349	16,895
Kodiak Island Borough	7,645	7,884	6,557	143	252	221	1.9	3.2	3.4	7,502	7,632	6,336
Valdez-Cordova	5,217	5,275	4,549	182	154	297	3.5	2.9	6.5	5,035	5,121	4,252
Interior Region	34,922	35,211	36,430	2,696	2,825	3,903	7.7	8.0	10.7	32,226	32,386	32,527
Fairbanks North Star Bor.	30,215	30,393	31,493	2,307	2,346	3,324	7.6	7.7	10.6	27,908	28,047	28,169
Southeast Fairbanks	1,909	1,964	2,067	93	139	234	4.9	7.1	11.3	1,816	1,825	1,833
Yukon-Koyukuk	2,798	2,854	2,870	296	340	345	10.6	11.9	12.0	2,502	2,514	2,525
Northern Region	8,025	8,044	8,085	664	804	865	8.3	10.0	10.7	7,361	7,240	7,220
Nome	3,056	3,115	3,093	311	415	401	10.2	13.3	13.0	2,745	2,700	2,692
North Slope Borough	2,902	2,864	2,856	156	163	162	5.4	5.7	5.7	2,746	2,701	2,694
Northwest Arctic Borough	2,067	2,065	2,136	197	226	302	9.5	10.9	14.1	1,870	1,839	1,834
Southeast Region	36,954	36,524	36,570	2,121	2,358	2,165	5.7	6.5	5.9	34,833	34,166	34,402
Haines Borough	904	911	909	51	74	66	5.6	8.1	7.3	853	837	843
Juneau Borough	16,815	16,497	16,636	898	885	916	5.3	5.4	5.5	15,917	15,612	15,720
Ketchikan Gateway Bor.	6,785	6,738	6,678	407	482	379	6.0	7.2	5.7	6,378	6,256	6,299
Pr. of Wales-Outer Ketch.	2,792	2,824	2,792	214	295	246	7.7	10.4	8.8	2,578	2,529	2,546
Sitka Borough	4,369	4,332	4,343	205	248	230	4.7	5.7	5.3	4,164	4,084	4,113
Skagway-Yakutat-Angoon	1,682	1,649	1,679	137	134	154	8.1	8.1	9.2	1,545	1,515	1,525
Wrangell-Petersburg.	3,607	3,573	3,533	209	240	177	5.8	6.7	5.0	3,398	3,333	3,356
Southwest Region	12,398	13,490	12,625	644	692	837	5.2	5.1	6.6	11,754	12,798	11,788
Aleutian Islands	3,419	3,721	3,482	49	52	103	1.4	1.4	3.0	3,370	3,669	3,379
Bethel	4,760	5,188	4,853	337	372	417	7.1	7.2	8.6	4,423	4,816	4,436
Bristol Bay Borough	441	481	467	5	6	30	1.1	1.2	6.4	436	475	437
Dillingham	2,187	2,352	2,200	86	64	93	3.9	2.7	4.2	2,101	2,288	2,107
Wade Hampton	1,591	1,748	1,623	167	198	194	10.5	11.3	12.0	1,424	1,550	1,429

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions


NORTHERN
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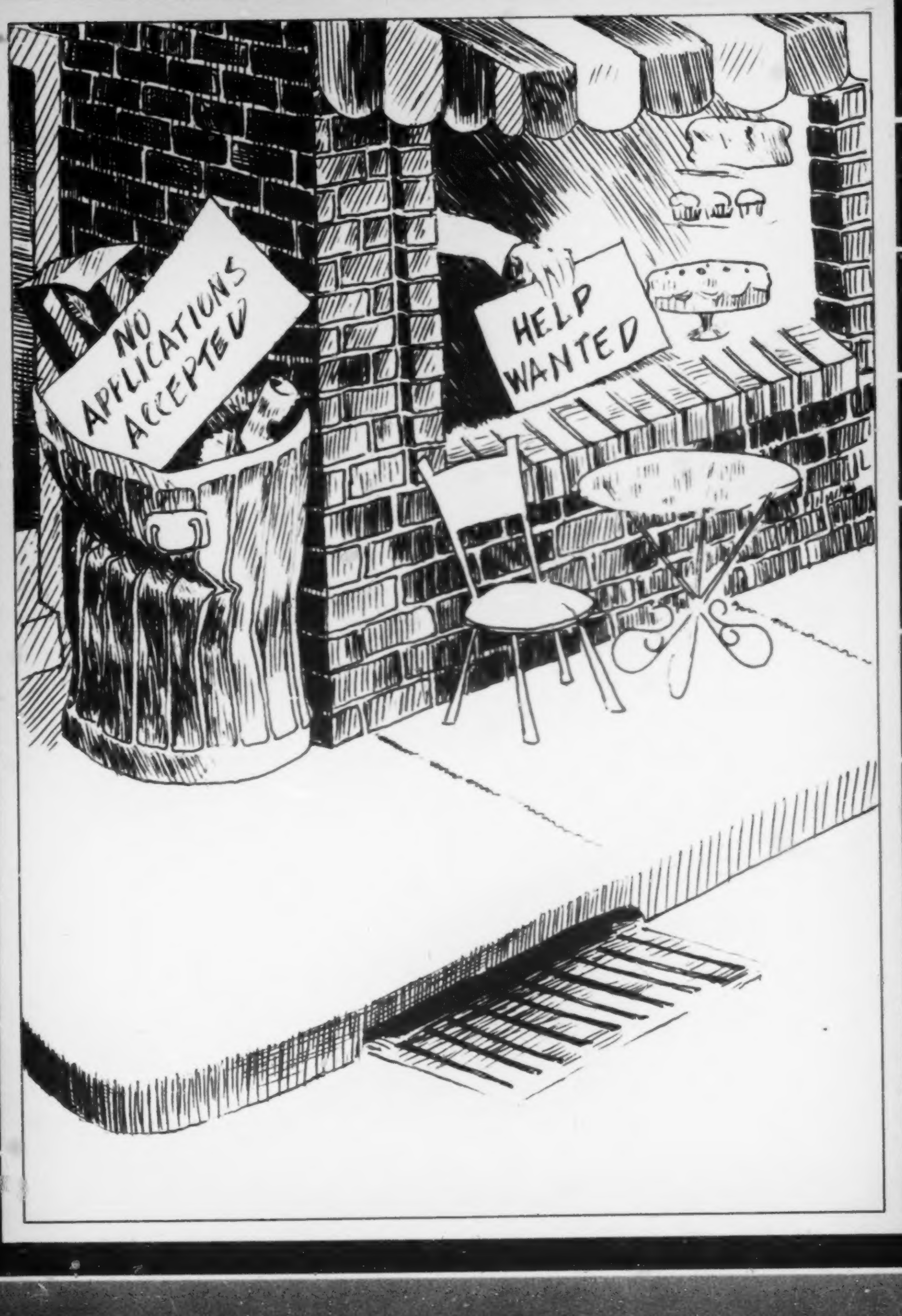
ALASKA ECONOMIC TRENDS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Alaska's Labor Shortage

Is There A Nurse In The House?

1990 Census

Spill Work Force Demobilizes

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR **December 1989**

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends **is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.**

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December 1989
Volume 9

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Cover Design by Jim Fowler

MADE IN ALASKA

Alaska's Labor Market: From Surplus to Shortage

By Neal Fried and Holly Stinson

Two years ago the thought that Alaska would be facing labor shortages any time soon was unimaginable. Alaska was in the midst of a deep recession — more than 20,000 jobs had been lost, the unemployment rate was 10.9%, and the number of unemployed was a record 28,000. Employers were swamped with applicants.

By mid-1988 the labor picture began to change. There were reports that some employers were having problems finding enough workers, particularly for restaurant and retail trade jobs. Although these reports seemed incredulous, given the severity of the recession, they persisted. By early 1989 reports of shortages were commonplace, not only in low-paying, low-skilled jobs but in all major occupational categories.

In addition to reports of labor shortages among employers, most of the State Employment Centers began reporting a lack of job applicants. The ratio of available applicants to job openings steadily fell. Adding confirmation to the situation was the "Help Wanted" listings in the newspapers, which climbed quickly. (See Figure 1.) Then the demand for workers for the oil spill cleanup made an existing situation worse, and labor shortages became front-page news.

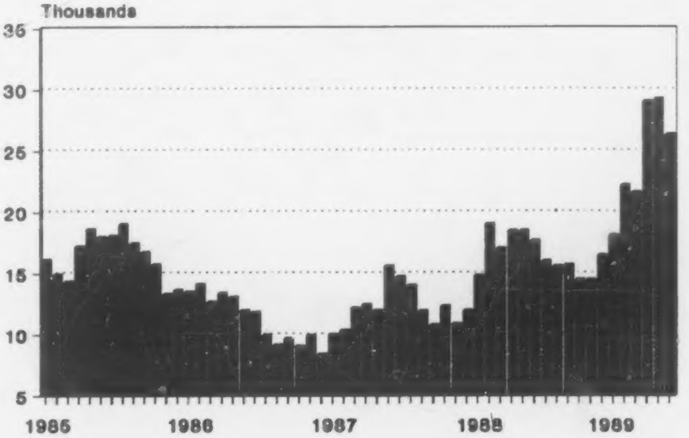
Shortages New In Alaska But Not In The Rest Of The Nation

Although the subject of labor shortages is a recent topic in Alaska, it has captured the attention of most of the rest of the nation for the last 4-5 years. The country is in its seventh straight year of economic expansion. This expansion has been accompanied by an ever-tightening labor market.

In addition to the increased demand caused by economic expansion, another reason for the nation's tightening labor market is demographics. The national baby bust of the 1970s and early 1980s means that the number of young workers (aged 15-24) is falling and will continue to fall through 1995. Why is the national demographic picture so important to Alaska? Because it is this age group of job seekers who traditionally make up the largest contingent of workers migrating to Alaska. There are fewer of them now, and there will be fewer of them in the future.

Figure 1

"Help Wanted Inches" 1985-1989*



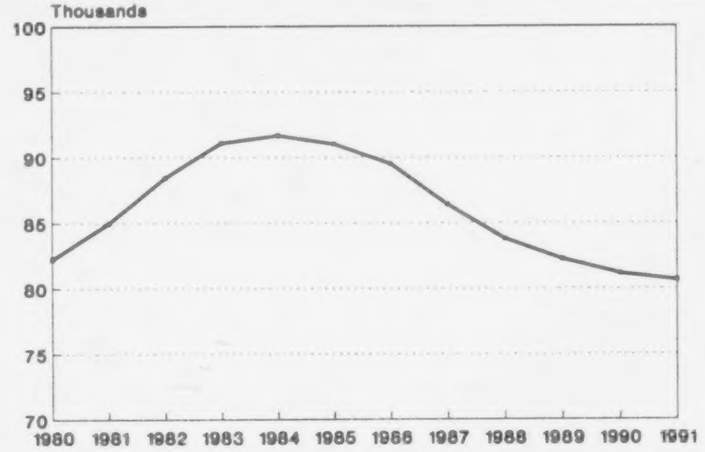
* Through September 1989
Source: Anchorage Daily News (includes both Anchorage newspapers)

Alaska's Demography Changing

Alaska's demographic makeup is also contributing to labor shortages, particularly for employers who depend on younger workers. As the national percentage of young adults is falling, so is Alaska's. The 15-24 year-old population peaked in 1984 and then began a steady decline. The decline is projected to continue into the 1990s. (See Figure 2.) A lower number of potential young migrants to Alaska, plus fewer young workers already here, adds up to a labor crunch in this age group.

Figure 2

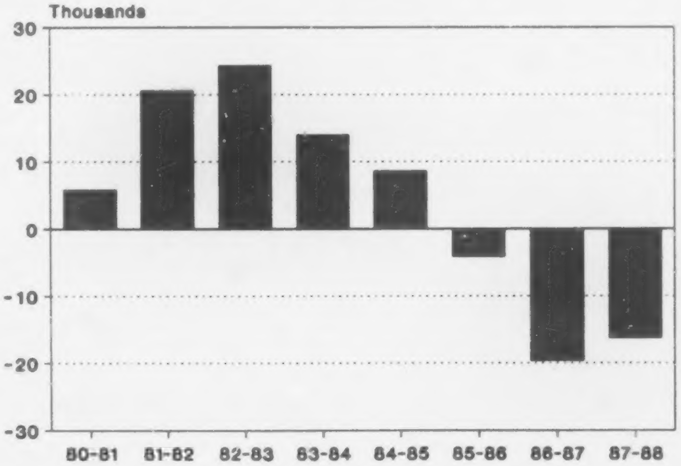
Alaska's Younger Population Declines
(15-24 Year Olds)



Source: Alaska Department of Labor, Research & Analysis Section.

Figure 3

Net Migration of Alaska's Population



Alaska No Longer The Nation's Employment Mecca

Changing demography isn't the only reason why fewer young workers are seeking their fortunes in Alaska. Reputation is also playing a role. For many, Alaska is no longer perceived as the "land of opportunity" it once was. The recent recession discouraged some job seekers. This holds true not just for young workers, but for workers of any age.

Traditionally, higher Alaskan wages were the major drawing card for people moving to the state. Because of the recession of 1986-1988, income has been lagging in Alaska. At the same time, income in much of the rest of the nation has been rising. Higher Alaskan wages are no longer luring people north. And, probably most important, there are abundant employment opportunities closer to home for most of these potential job seekers.

Alaskans Being Pulled, Pushed Out of State

The booming national labor market has not only kept job seekers from coming to Alaska but it has in turn enticed many Alaskans to jobs elsewhere in the country. There is a group that is being "pulled" out of the state by the opportunities offered in the robust national labor market. Increasing wages and a brighter future in other areas of the country look ever more attractive for some workers. This appears to be particularly true for those individuals employed in the technical and professional fields. Some are already saying Alaska is experiencing a "brain drain". Little concrete evidence of this theory exists, although there is ample anecdotal evidence of this possibility.

Other workers were "pushed" out of the state. For many who lost their jobs during the recession there was little choice — a move out of Alaska was necessary to survive financially. Just how many Alaskans faced this situation is evidenced by population counts. During the recent recession Alaska's population dropped by 16,600. The losses began in 1985-86, peaked in 1986-87 and continued through 1988. (See Figure 3.)

Survey Adds to Reports of Shortages

To add to our store of reports on labor shortages, we conducted a survey of 100 private employers during the second and third weeks of August. Included were employers of every size, from every industry and region of the state. Almost half of the firms surveyed reported labor shortages. Regardless of whether a firm experienced a labor shortage, half the firms surveyed said they had fewer applicants for job openings than in past years.

While some employers blamed their smaller or nonexistent labor force on the oil cleanup effort, 2/3 of those reporting shortages said they had been experiencing them before the spill happened.

More than half of the retail trade firms surveyed reported labor shortages. Other industries where the majority of surveyed firms had difficulties filling openings included construction, manufacturing and finance-insurance-real estate. So what are the occupations employers are finding hard to fill?

Table 1

A Partial List of Shortage Occupations

Service Industry

Babysitter
Baker
Cashier
Cook (& All Other Restaurant Help)
Courier
Day Care Provider
Floral Designer
Hairdresser
Housekeeper
Janitor
Maid
Nanny
Sales Clerk
Salesperson
Security Guard
Service Station Attendant
Travel Agent

Transportation

Auto Body Repairer
Mechanic, Aircraft
Mechanic, Auto
Mechanic, Heavy Equipment
Mechanic, Marine

Clerical

Bookkeeper
Secretary
Teller
Word Processor

Health Care Field

Dental Assistant
Medical Assistant
Medical Technologist
Nurse, Licensed Practical
Nurse, Registered
Physical Therapist

Professional and Technical

Accountant
Civil Engineer
Computer Programmer
Electronic Technician
Lawyer
Paralegal
Surveyor

Construction

Carpenter
Electrician
Plumber

Manufacturing

Seafood processor

Some Occupational Shortages Identified

Table 1 is a partial list of occupations employers are having difficulty filling. We compiled this list by looking at records from and talking to managers of Employment Service Offices around the state; we also used information gathered from the survey. We discovered that the shortages are not concentrated in any one geographic area or occupation type.

Lower-paying service, retail, and food service jobs make up an important share of the hard-to-fill jobs. But so do higher-paying skilled construction occupations — a surprise for an industry that lost more than 12,000 jobs and shrunk to less than half its former size. Openings for journeymen-level electricians, plumbers, welders, and carpenters went unfilled during the 1989 construction season. These shortages cannot all be attributed to the increased demand for workers created by the oil spill cleanup effort. It also illustrates the degree of attrition that has taken place in Alaska during the past four years. Many of Alaska's workers in the skilled trades left to pursue their vocations in the booming construction markets on the East and West coasts.

Occupations in the health care industry show up on the shortage list in disproportionate numbers. Topping the list are registered nurses. Most of the hospitals in the state are recruiting. The nursing shortage is also a well-publicized national problem. (See Is There A Nurse In the House? beginning page 7.)

Finding enough dental assistants is also difficult. The University of Alaska Anchorage Dental Program is placing all of their graduates and can't fill all of their requests. Another sign of how tight many of the medical fields have become is the experience of UAA's Medical Assistant Program. Most of these students are recruited by employers before they ever complete their programs.

None of the shortages in the health care field are unique to Alaska. It is a national phenomenon because the health care field has been growing so rapidly. Training is often lengthy, and wages may be too low to attract enough workers.

A low wage is also a factor in the dearth of clerical workers. Chronic shortages occur in these occupations. Part of the reason for the clerical shortage is that it is often difficult to find individuals with up-to-date skills on new specialized computer equipment.

Even occupations which offer higher wages show up in Table 1. Many of the shortages in professional and technical occupations are a reflection of the increasingly competitive national market for highly trained professional and technical occupations.

Labor Market Varies Among Regions and Employers

Not every part of Alaska is sharing the same tight labor market situation. Some areas haven't had an increase in jobs or a drain on the labor pool. High unemployment rates linger in parts of the state, particularly in rural areas.

And some employers have no trouble filling jobs that are highly sought after by the work force. These jobs usually pay well, offer steady employment, have opportunities for promotion, good retirement or other benefits, or a combination of the above attributes. Only one of the companies we surveyed from the mining industry (which includes oil and gas employers) said they were having trouble finding qualified applicants to fill their open positions.

What is the Solution? - Matching Workers to Jobs

The long-term answer to labor shortages is to match the labor force's education and skills to the jobs available. But assessing the future labor market and trying to match the labor force to that market is not a quick or easy task. Even assuming the assessment is correct, both the labor market and the labor force are fluid. New technology can make drastic changes in occupations or even create new ones. And the labor force is mobile, as shown by the exodus from Alaska in recent years. Now that the economy is expanding and new jobs are being created, the people often aren't there to fill them. So even the best forecast of matching people to jobs can go awry.

For some occupations the number of people needed may be accurate, but shortages will continue to exist until wages are higher. In these occupations the prevailing wages (and benefits) are simply not high enough to offset the duties of the job.

For many occupations, the labor crunch can end when a sufficient labor force is educated or trained for the job. However, people may have to devote several years to the education or training necessary for the job, so catching up to the shortage can take a long time.

Higher Wages an Obvious but Expensive Solution

A solution that commonly jumps out as the obvious one is to increase the compensation paid. Employers can often fill jobs by offering increased wages or increased benefits, such as additional paid vacation time. However, many employers are reluctant to do this for several reasons.

Offering a new employee more money or benefits than existing staff can wreak havoc in an office or job site. It is also an expensive and inflexible answer to the problem. Later, when many qualified applicants may be available for the position, the compensation offered rarely decreases. Also, many employers are locked into a strict salary schedule and couldn't take advantage of this solution if they wanted to. And higher wages in turn increases the cost of doing business, which translates into higher consumer prices. As evidence that this solution wasn't popular with employers, only 7.5% of the surveyed firms that had taken some action as a result of the labor market situation reported raising wages.

There's A Variety of Other Solutions

There are many other short-term solutions to labor shortages besides increasing wages or benefits. Although they are not as expensive as increasing wages, they are not cost-free to the employer.

One of the first actions an employer takes when faced with shortages is to implement new recruitment methods. Advertising in different media, over a wider area or in specialized publications can attract qualified applicants. In the survey we conducted, almost one-third of the employers experiencing labor shortages had already done this. Figuring there was a better chance of drawing people to Alaska who live in a similar climate, one employer in the survey targeted his advertising to the upper midwestern states.

As another alternative employers may lower their entry requirements for a job. That is, they will hire people with less training or experience than desired, and devote more time to on-the-job training. Employers can also deal with labor shortages by reducing employee turnover and therefore reducing the need to find new employees. Cash bonuses and incentives such as additional vacation time are two tools employers use to reduce turnover.

Sometimes it is possible for employers to restructure jobs in the face of a labor shortage, thereby eliminating the need for certain hard-to-fill positions. If a cook is hard to come by, hiring a less-skilled person to do preparation work might do away with the need for an additional cook. There's also the Orwellian solution of eliminating the position altogether with automation.

Employers can increase their labor pool by offering transportation to the job site. This is especially true with young or low-income people who don't have

Shortages Can Be More than a Matter of Money

A labor shortage exists when employers fail to attract enough workers at the prevailing wage (that is, the wages commonly paid in an occupation in a specific region). Usually shortages disappear when wages increase because additional workers are attracted. Higher prevailing wages may also lessen demand because some employers will no longer want the same number of employees at the higher wage.

However, higher wages do not always solve the problem. When wages increase and there still aren't enough applicants to fill the jobs available, economists term the situation a "supply-inflexible" shortage. They occur most often in occupations that require long periods of education and training, such as computer programmers and physical therapists.

Supply-inflexible shortages are made worse when demand unexpectedly increases. An example of this happened in the early 1980s when the demand for petroleum geologists in the oil industry went beyond the number available to work.

Even when higher wages might solve a shortage, wage inflexibility can prevent it from happening. Inflexible wages are often a problem for public institutions where a fixed compensation structure is slow to respond to changing market conditions. For example, there are many qualified college professors who have opted for higher-paying jobs in private industry instead of being tied to a lower-paying job on a school's outdated salary schedule.

Besides labor market conditions, there are other reasons for shortages. Persistent shortages occur in occupations perceived as having low status or undesirable working conditions. Examples of low-status occupations that are difficult to recruit for are dishwashers and domestic workers.

It's important to keep in mind that some reports of labor shortages are false. Employers who won't pay the prevailing wage are not being competitive, instead of suffering from shortages. False shortages are also reported by employers who became accustomed to the luxury of choosing their ideal candidate from a large pool of applicants during periods of high unemployment. In 1986 and 1987 this was the type of labor market that prevailed in Alaska.

their own vehicles and must rely on public transportation. Another way to increase the labor force is to shift work, when possible, to rural areas that have an abundance of unemployed workers.

Another way to increase the labor pool is to offer on-site child care. Employer contributions for off-site child care can also help, but are limited by the availability of day care centers. Qualified workers can and often do spend years absent from the labor force. While some prefer to spend the time raising children, others would jump at the chance to work full or part- time if adequate facilities were available for their children. Even without offering day care assistance, an employer may be able to attract applicants by offering flexible working hours.

Quick Solutions Often Necessary But Less Than Ideal

Quick solutions are sometimes dictated because there is no other choice. Hiring temporary help is one quick solution. That's assuming, of course, there is also no shortage of temporary help, which is often not the case.

Lengthening the current staff's hours is another quick but sometimes necessary solution. It is usually also a less-than- ideal solution. Longer hours put a strain on employees and can result in costly errors and bad customer relations. A good example of this was provided by the oil spill's aftermath this year. The labor pool in many towns dried up as existing and potential employees left to work on the spill cleanup. Without an influx of new workers businesses were left to fill the gap with their remaining workers.

When Will Today's Labor Market Situation Change?

Although the demand for oil spill workers contributed to labor shortages, today's employment situation didn't happen overnight. Workers left Alaska over a period of several years. But since there wasn't a demand for additional workers during those years, their absence wasn't felt in the labor market. Now that the economy is expanding, Alaska's smaller work force is becoming painfully evident.

However, the labor force is not static. Using some of the above solutions would help bring the supply of workers more in line with the demand for them. If employers used any one of the above solutions more local residents might enter the labor force. They might also entice workers from other states to move north. Shortages are likely to remain in occupations which don't pay substantially more than elsewhere. Reimbursing some or all of an employee's relocation expenses might offset the lack of a wage differential.

People who wanted to move to Alaska for reasons other than high wages may again start arriving when they hear that jobs are available. The fact that Alaska was in a recession received much publicity across the nation. It may take awhile to spread the news that some jobs are now going begging.

Today's rosy employment situation in much of the nation could change at any time. Just as Alaska's recession turned into economic growth, the nationwide expansion could end tomorrow. If that scenario arrives, the transportation routes to Alaska would again be filled with economic refugees, regardless of prevailing wages. The shortage of labor could end in just a few months. On the flip side, Alaska's expansion could also end tomorrow, and with it the demand for new workers.

Labor Shortages: A Problem For Some, Boon For Others

Labor shortages carry costs for both employers and society. For the employer it can mean increasing the cost of doing business because of higher wages, growing recruitment expenses and additional time spent training. This in turn can cause prices to increase, which in turn effects all consumers.

On the other hand, labor shortages are a boon to job seekers. Higher wages, better benefits, rapid advancement and greater opportunity for the difficult to employ are all positive aspects for job seekers during a labor shortage. Labor shortages tend to force employers to reach deeper into the pool of unemployed.

"Full employment" was a common goal two decades ago. The same condition today is called a "labor shortage". Employers and governments alike bemoan its existence. But one person's misfortune is another one's gain, and to a job seeker labor shortages are a boon. And it's important to keep in mind that the opposite condition, labor surpluses, create hardship for unemployed workers.

The perfect situation is when the labor market is in equilibrium — when there is almost that ideal match between jobs and workers. Some might say Alaska's labor markets almost achieve this balance periodically. But given our past track record, our size, and location, we are probably more often attempting to achieve this goal than actually accomplishing it.

About the authors:

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Is There A Nurse In The House?

By Cristina Klein

Probably not — Alaska is experiencing its share of a nationwide nursing shortage — a shortage which demonstrates the interrelationship of occupational supply and demand.

The nationwide nursing shortage began in 1986 when demand outpaced the supply of 1.6 million registered nurses. Registered nurses include those with bachelors of science in nursing (BSN) degrees and associate degrees who have passed a licensing exam. In Alaska, the shortage exists primarily in rural areas and in specialized hospital programs like critical care and obstetrics.

Demand Is Outpacing Supply, With No Relief In Sight

The number of nurses has grown slowly but steadily, doubling in the last 30 years. However, according to U.S. Department of Health and Human Services (DHHS) 1988 estimates, there were 117,000 vacant nursing positions in hospitals and 21,000 vacant positions in nursing homes nationwide. At the beginning of 1987, 83% of the nation's hospitals reported nursing shortages. Eighteen percent of large urban and nine percent of rural hospitals had to close understaffed wards. Meanwhile, occupational projections for the health care industry show no signs of a slowdown in the demand for nurses through the year 2000. (See Figure 1 & inset on page 8.)

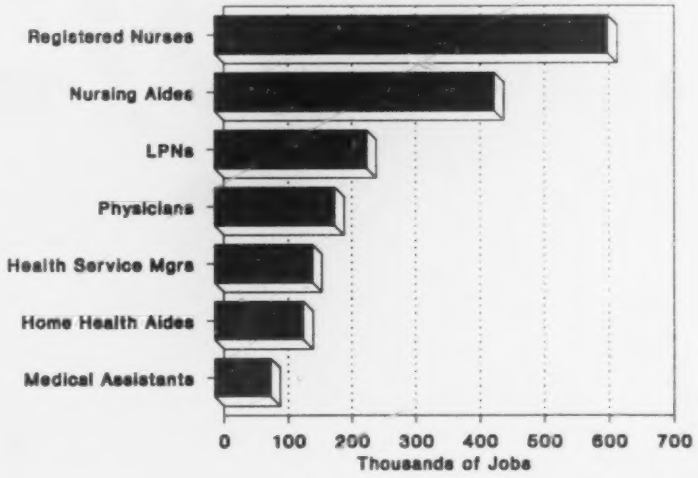
Compensation & Working Conditions are Among the Reasons for the Shortage

The nursing shortage has been extensively analyzed and there are several commonly accepted reasons for the shortage. The following reasons are most often cited when explaining the nursing shortage in the United States' and the Alaskan labor markets:

- *Expanding Career Choices for Women*– Women, who traditionally

Figure 1

Health Occupations With The Most New Jobs, U.S., 1986-2000



Source: U.S. Bureau of Labor Statistics.

Why Is The Demand For Nurses Increasing So Quickly?

Health care is becoming more diverse. The growth of HMOs (Health Maintenance Organizations) and community based and out-patient services like home health, ambulatory and preventive care have increased the demand for RNs.

The population is aging. RNs are needed in a variety of convalescent and extended care facilities that rely on sophisticated equipment and treatments. An American Association of Retired Persons study in 1987 shows that 31% of all health care expenditures are provided to Medicare recipients who are 65 or older, although the U.S. Census Bureau figures show that people over 65 made up 11% of the 1980 population. Health care services for the elderly are expected to increase well into the 21st century when postwar "baby boomers" reach retirement age.

The AIDS epidemic has created a need for specially trained nurses to deal with the increasing number of seriously ill patients.

Cost containment moves, like DRGs (Diagnostic Related Groups) and Medicare legislation are putting pressure on patients to leave hospitals quickly. Treatment is intensified, requiring more nursing care.

Health care technology is changing. Medical care is rapidly becoming a 1950s science fiction fantasy of costly, technologically complex equipment and treatments. Specially trained RNs, more cost effective than MDs, are needed to operate this equipment and to administer treatment.

Management options now exist for nurses. RNs are needed in risk management, quality assurance, and vocational rehabilitation programs.

have made up a high percentage of the nursing profession, now have more career options. Mobility and job availability, two attractions to nursing, are being eclipsed by other job opportunities which offer women better wages and more advancement.

- *Compensation* – Nursing salaries plateau after 6-8 years and benefits are usually limited. These two factors drive nurses into other employment.
- *Working Conditions* – Are often difficult because of irregular hours, perennial understaffing, and lack of authority; these drawbacks are more significant now that there are greater career options for women, including the option of becoming the physician.
- *Changing Roles for Nurses* – The cost effective use of RNs for a wide variety of technical and administrative responsibilities has dramatically increased the demand for RNs.

In Alaska, Experienced Rural Nurses Are in Shortest Supply

In Alaska, the shortage is, in part, a lack of experienced RNs to work in rural areas. These rural positions require experienced nurses who can work without supervision in isolated locations with few amenities.

There is an overall vacancy rate at private Alaska hospitals of about 6-7%, slightly lower than the national average which, in April 1988, was 7.6%. Like hospitals in the rest of the U.S., Alaska hospitals have acute nursing shortages in wards that require specialized training, like critical care and obstetrics.

A Typical Alaskan Nurse- Urban, White, & Working in a Hospital

In 1988, the Alaska Department of Commerce, Division of Occupational Licensing, sent out a nursing survey with license renewal forms to all nurses licensed in Alaska. In the summer of

1989, the Alaska Department of Labor, Research and Analysis staff compiled and analyzed these data.

A total of 4,431 of the 5,147 nurses licensed in Alaska responded to the survey (86% response). However, the total number of licensed nurses includes more than 600 new RN and Licensed Practical Nurse (LPN) applicants in 1989 who would not be included in a licensing renewal survey. Other licensed nurses may have moved permanently out of Alaska and therefore did not renew their licenses.

Of the nurses responding, there were 3,808 RNs (86%) and 589 LPNs (13%). Thirty-four nurses did not specify what type of license they hold. Eighty percent (3,523) of these nurses are living in Alaska. The remainder are living throughout the U.S. and in other countries. Of those nurses who are living and working in Alaska, more than 50% work in a hospital, and 53% of all respondents reported living in Anchorage. (See Figures 2 and 3.)

Of those responding, Alaskan Natives and other minorities represented less than 10% of the nurses in Alaska. Only 65 respondents were Alaskan Natives, 1.5% of the total. Of these, 46 are working in the nursing field and nine are working in rural areas of Alaska.

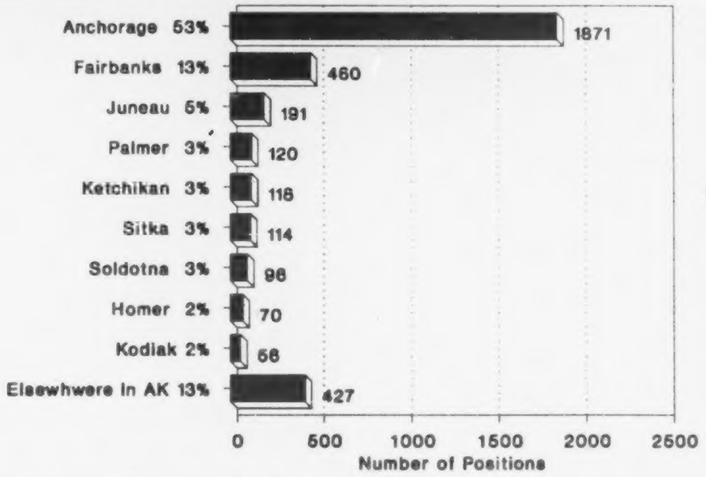
Ninety-one percent of the nurses living in Alaska are working either full-time (67%) or part-time (33%) in the nursing field. According to a 1988 survey conducted by the American Nursing Association, about 80% of licensed nurses in the U.S. are working in the nursing field. This means that there is an even smaller pool of nurses available for employment in Alaska than there is elsewhere in the U.S.

Why Are Licensed Nurses Choosing Not to Nurse? Family and Low Salaries Among the Reasons

To gain insight into what makes licensed nurses choose not to nurse, the responses of 151 licensed nurses who were not nursing were analyzed. (See Figure 4.) The leading cause for nurses not nursing was family or other personal priorities which kept them from taking a nursing job. Child-rearing and care of other relatives were often factors. Salaries or working conditions which were unacceptable were listed as the second and third leading causes for nurses not working in nursing.

Figure 2

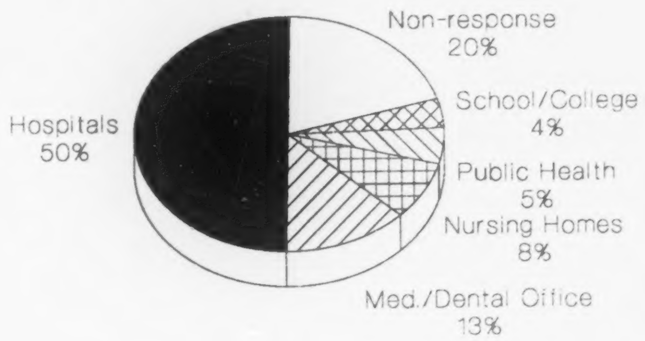
Communities in Alaska Where 50 or More Nurses Work



Source: Alaska Department of Labor, Research & Analysis Section, 1988 Nursing Survey.

Figure 3

Work Settings for Alaska Nurses



Source: Alaska Department of Labor, Research & Analysis Section, 1988 Nursing Survey.

Large Hospitals, Public Sector Provide Many Nursing Jobs in Alaska

Of those nurses who are working, many are employed in large private hospitals or by the public sector. State and federal government account for a total of 670 nursing positions in Alaska. According to the Division of Personnel, the State of Alaska has 277 nurse and public health nurse positions. The U.S. Department of Health and Human Services (DHHS), Division of Public Health, has 101 public health nurse positions and the federal Indian Health Service has 292 positions.

Job openings for nursing positions occur regularly. Between July 1988 and June 1989, the Alaska Employment Service received job orders for 112 RNs. Since many RNs go directly to hospitals and public health agencies when looking for employment, the actual number of job openings for RNs in the state was higher than this figure.

Average Hourly Wages – $12.12 for LPNs $15.61 for RNs

The Alaska Department of Labor conducts an annual wage rate study and published the results in *Alaska Wage Rates for Selected Occupations, 1989*. The wage rate survey sampled the employers of approximately 12% of nurses working in Alaska. The average wage rates for RNs and LPNs in Alaska and six geographic regions of the state are shown in Table 1.

Nursing Education in Alaska – Addressing the Need for Nurses

The University of Alaska, unlike universities in the rest of the U.S., has experienced full enrollment in its nursing programs for several years. Each year, between 45 and 50 nursing students graduate. Some of these students do course work in Fairbanks and complete their degree at University of Alaska, Anchorage (UAA).

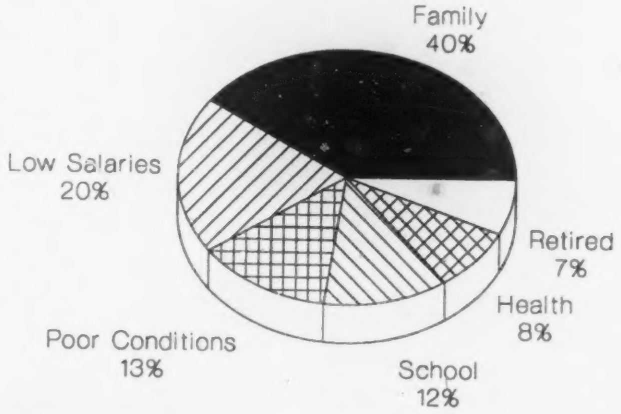
The graduate nursing program has three masters in science specialties (family nurse practitioner, community health, psychiatric mental health) and graduates ten to fourteen students each year. And the UAA College of Career and Vocational Education graduates about 30-38 nurses annually with associate degrees. There is a two year waiting list for entrance to this program.

In response to the shortage in rural areas, Kuskokwim College in Bethel has started a nursing preparatory program on a three year grant from the U.S. Department of Health and Human Services, Division of Nursing, Special Projects Grant Program. Eleven to twelve students a year are expected to take preparatory courses which they will complete with an associate nursing degree at the UAA College of Career and Vocational Education.

Because of a lack of clinical settings in which nurses can receive training, there is a limit to the number of registered nurses who can be trained in Alaska. There is a particular shortage of pediatric clinical settings in the state. Therefore, the number of registered nurses graduating from Alaska nursing programs cannot keep up with a growing demand — a demand which partially stems from the opening of new facilities like long term care centers.

Figure 4

Reasons Alaska Nurses Are Not Practicing



Source: Alaska Department of Labor, Research & Analysis Section, 1988 Nursing Survey.

Competing for Nurses – Employers Offering Higher Pay, Incentives

The effects of more competition for the nurses that are available are manifesting themselves in the Alaskan labor market. For example, the Alaska Department of Administration, Division of Personnel, raised the salaries for fifteen nursing job classes as of July 1, 1989.

Private hospitals have been offering a variety of incentives to attract nurses. These incentives include new employee bonuses, moving expenses, referral bonuses, increased benefits, payback of student loans, increased salaries and direct reimbursements to nurses for tuition costs. Hospitals have also advertised out of state and have attempted to hire foreign, particularly Canadian, nurses.

Varied Solutions Offered to Solve Alaska's Nurse Shortage

Other states are beginning to address the nursing shortage, and some of these solutions may be models for Alaska to follow. At least twenty-seven states have passed, or are considering, legislation to address the nursing shortage. Legislation and programs include accelerated forgiveness of student loans, scholarship programs, the development of community health corps, collective bargaining for nurses, child care, task forces to look into the shortage, and increased pay and benefits.

Nursing directors and administrators, teaching professionals, and others studying the nursing shortage in Alaska, make the following recommendations to solve the nursing shortage in Alaska:

- To keep experienced nurses in the field, (particularly in hospitals where nurses complain of poor conditions as well as inadequate pay): Increase pay and benefits and give nurses more authority.
- To attract new entrants to the field: Increase pay and benefits and offer state sponsored forgiveness programs for student loans.
- To increase the level of training: Offer forgiveness programs for student loans and reimbursements for out-of-state tuition. LPNs could be encouraged to go back for their associate degree, and students with associate degrees could be encouraged to go back for their B.S. degrees.
- To deal with the shortage of nursing programs and clinical settings in Alaska: Form joint ventures with other universities which have access to clinical facilities, particularly pediatric sites. Students could be encouraged to return to Alaska with incentives like student loan forgiveness and bonuses. Increase funding of UAA nursing programs which are losing faculty to other, better paying positions.
- To attract rural residents: Offer special preparatory training like the training offered in the pilot program by Kuskokwim Community College. Grants for living in Anchorage and special tutoring would make the transition from the bush to Anchorage for study more attractive.
- To attract nurses to jobs where there is a chronic shortage, such as intensive care and newborn care: Increase pay for these jobs in relation to other nursing fields and offer tuition reimbursements for training in these fields.
- To attract nurses to Alaska: Provide nurses in other areas with information about nursing opportunities and about Alaskan communities, as well as providing financial incentives and moving costs.

Table 1

Average Hourly Wage – RNs & LPNs 1988-89

	Registered Nurses		Licensed Practical Nurses	
Region	July 1988	July 1989	July 1988	July 1989
Statewide	$14.71	$15.61	$12.33	$12.12
Anchorage/Mat-Su	13.66	14.67	11.45	12.17
Interior	13.96	13.68	10.44	10.85
Southeast	15.77	17.40	13.06	12.68
Gulf Coast	13.92	16.88	13.21	12.87
Southwest	17.25	14.48	N/A	N/A
Northern	N/A	N/A	N/A	N/A

Source: Alaska Department of Labor, Research & Analysis

Summary

Alaska's nursing shortage is unique for several reasons: UAA does not graduate enough nursing students to meet Alaska's growing needs; there are hard to fill rural public health positions in the state; 90% of licensed nurses living in Alaska work in some aspect of the profession, which means that there is not a pool of nurses available for employment.

When surveyed, Alaskan nurses give the same reasons for discontent with their profession as nurses nationwide: low pay, poor working conditions and plateauing wages. Detailed information on the survey of licensed nurses is available from the Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

About the author:

Cristina Klein is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Juneau.

AKCIS Provides Career Information on Shortage and Other Occupations

Current information on the nursing profession, health care professions, and other careers can be found in the Alaska Career Information System (AKCIS), available through the Alaska Employment Service, schools and vocational counselors. AKCIS provides occupational and educational information on careers, including the outlook for the profession, wages, educational and licensing requirements, school and financial information, as well as a bibliography of publications on various careers. Information on AKCIS is available through:

Alaska Career Information System
Department of Education
P.O. Box F
Juneau, Alaska 99811
(907) 465-4685

1990 Census – The Big Count

By Kathryn Lizik

Once every 10 years every man, woman, and child is counted in the nation's decennial census. It is one of the federal government's largest undertakings, short of mobilizing for war. The next census is scheduled for April 1, 1990. The U.S. Census Bureau will hire an "army" of 300,000 census-takers; check the location of the nation's 106 million housing units; and help gather vital information about 250 million people. The census results will be a snapshot of what the country looks like on census day, and they will be used to plan government policies for the next decade.

1990 CENSUS

ALASKANS COUNT

The mandate for the census is found in Article 1, Section 2 of the U.S. Constitution. Its primary purpose is to determine how many congressional representatives each state gets. The importance of the census has increased, however, for reasons beyond congressional representation. More than $30 billion in federal funds is allocated to the states according to formulas based on census data. State governments use the figures to allocate their financial resources and redraw legislative districts. Governments of all types use census information extensively to plan for and locate new roads, schools, hospitals, housing projects and crime prevention programs. Businesses use the information for similar reasons, such as deciding where to put shopping centers or how to target advertising campaigns.

With so much riding on the outcome of the count, it's no wonder the total cost of planning, carrying out and providing the results of the census will be about $2.6 billion. More than $1.6 billion will be spent in 1990 alone to cover the costs of printing, labeling and assembling some 106 million questionnaire packages; generating over 7 million maps; and paying for the 300,000+ temporary workers which will be employed during the peak census-taking month of April.

First Results are Due to the President in December 1990

It is estimated that there are 20% more housing units to check and 25 million more people to count during the 1990 census than there were in 1980. Despite this increase, the Census Bureau must adhere to its decennial schedule. Nine months after the first questionnaires are received, apportionment counts must be delivered to the President (December 31, 1990). It is mandated that the States must receive their redistricting counts no later than April 1, 1991. The remaining volumes of social and economic data will gradually become available to the public beginning in early summer 1991.

The success of the census is not, however, entirely based on how much money the Census Bureau spends, nor how expeditious their enumeration schedule is. One of the primary ingredients guaranteeing its accuracy is a full response to the questionnaire by every household. One way of boosting response is making individuals aware that the census is coming, including how and when it will be happening in their area.

Rural Alaska: House-to-House Count Begins February 1990

Due to Alaska's uniqueness in geography and weather, the census is beginning earlier in all of its outlying areas. The enumeration process will be slightly different than in the urban areas. Beginning in early February, census-takers will walk the streets and trails of rural Alaska, contacting every housing unit to collect answers to the census questionnaire. This early operation has been arranged to avoid breakup and to catch those populations who seasonally migrate for hunting and fishing purposes.

Anchorage & Fairbanks: A Mail Out/Mail Back Questionnaire

In the Municipality of Anchorage and the City of Fairbanks, the most automated enumeration will be conducted, defined as mail-out/mail-back. Questionnaires, pre-addressed with the housing unit's actual street number will be delivered to each structure one week prior to census day, by the postal service. Respondents will be instructed to fill out the form and mail it back to the Census Bureau.

Remaining Urban Alaska – A Mail Out/Pick Up Questionnaire

Many of the remaining urban areas will participate in the census operation referred to as regular list enumerate. These households will have a questionnaire delivered to them via mail about a week before April 1, 1990. They will be instructed to fill out the form and wait for a census taker to contact them at their home for pick up of the questionnaire.

In all cases, census takers will be following up all unreturned forms by physically visiting any missed or nonresponse housing units.

In summary, active involvement by all Alaskans to stand up and be counted will ensure accurate and credible data for redistricting, federal and state dollar redistribution, and for the business community to make informed decisions on investing in the future of our state.

How's The Census Being Done In Your Area?

Mailout/Mailback

Anchorage Borough
City of Fairbanks

Mailout/Pickup

City of Cordova & vicinity
City of Haines & vicinity
Juneau Borough
Kenai Borough
City of Ketchikan & vicinity
Mat-Su Borough
Balance of North Star Borough
City of Petersburg & vicinity
Sitka Borough
City of Skagway & vicinity
City of Valdez & vicinity
City of Wrangell & vicinity

Remote List Enumerate

Rest of Alaska

About the author:

Kathryn Lizik is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Juneau.

Spill Work Force Begins To Demobilize— Employment Picture Still Good

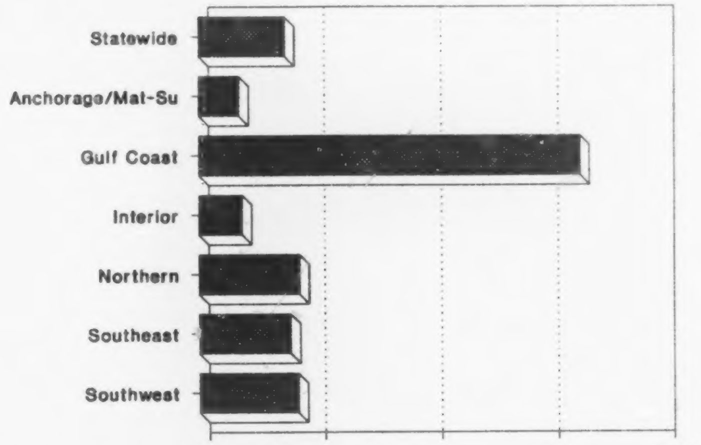
By Neal Fried

Demobilization of the oil cleanup work force began in earnest in September, one consequence being a relatively sharp rise in Alaska's September jobless rate. The unemployment rate climbed from 5.9% in August to 7.3% in September as more than 3,000 additional workers joined the ranks of the unemployed. (See Table 4.) This development ended the string of record low unemployment rates achieved over the past six months. On the bright side, September's jobless rate remained below 1988s level, and the number of unemployed fell 3,445 short of year-ago levels.

Despite a rising unemployment rate, the employment picture remains encouraging. Employment registered 4.1% growth compared to last September. (See Table 1.) This is a deceleration in the growth rate, particularly compared to the peak rate of 5.6% in August. However, if direct oil spill jobs are subtracted, employment would have still grown over the year. Thus, while the rate of employment growth will continue to taper off during the remainder of the year, 1989 will end on a positive note.

Figure 1

Employment Growth by Region
Nine Month Average, 1988 vs. 1989



Source: Alaska Department of Labor, Research & Analysis.

Many Indicators Point to Revived Economic Activity...

Employment was not the only economic indicator to exhibit strength in 1989. Literally dozens of other economic indicators are now corroborating what employment has been telling us for most of the year. To mention just a few:

- Alaska's total personal income, a good overall measure of economic well-being, increased 8% from the 2nd quarter of 1988 to the 2nd quarter of 1989.
- School enrollments in most districts are climbing again- Including the school districts in Anchorage, Matanuska-Susitna Borough, Fairbanks North Star Borough, Juneau, and the Kenai Peninsula Borough.
- Vacancy rates for commercial space fell in most of the communities hardest hit by the recession.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

				Changes from:	
	p/ 9/89	r/ 8/89	9/88	8/89	9/88
Nonag. Wage & Salary	233,700	239,400	224,200	-5,700	9,500
Mining	10,900	11,000	9,900	-100	1,000
Construction	11,300	11,400	11,100	-100	200
Manufacturing	16,900	22,000	17,500	-5,100	-600
Seafood Processing	9,100	14,100	9,700	-5,000	-600
Lumber & Paper Products	4,200	4,200	4,300	0	-100
All Other Manufacturing	3,600	3,700	3,500	-100	100
Trans., Comm. & Utilities	22,000	24,700	18,200	-2,700	3,800
Trucking & Warehousing	2,400	2,400	2,300	0	100
Water Transportation	4,300	7,000	1,200	-2,700	3,100
Air Transportation	6,000	6,200	5,600	-200	400
Communications	3,300	3,200	3,300	100	0
All Other Transportation	6,000	5,900	5,800	100	200
Trade	45,300	46,100	43,900	-800	1,400
Wholesale	8,100	8,300	7,800	-200	300
Retail	37,200	37,800	36,100	-600	1,100
Gen. Merch. & Apparel	5,400	5,500	5,100	-100	300
Food Stores	6,500	6,500	6,200	0	300
Eating & Drinking Places	14,000	14,300	13,700	-300	300
All Other Retail	11,300	11,500	11,100	-200	200
Finance, Ins. & Real Estate	10,600	10,700	10,700	-100	-100
Services	45,800	47,000	44,300	-1,200	1,500
Hotels & Other Lodging	5,800	6,300	5,400	-500	400
Government	70,900	66,500	68,600	4,400	2,300
Federal	18,500	18,600	18,400	-100	100
State	21,900	19,900	20,600	2,000	1,300
Local	30,500	28,000	29,600	2,500	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

- A number of banks recorded stronger profits after some very turbulent years for the industry.
- Freight volume coming through most of Alaska's ports is up.
- In June and August the number of housing units sold by Alaska Housing Finance Corporation outpaced the number foreclosed on.
- The number of business bankruptcies keeps falling.
- The column inches of "Help Wanted" ads in Anchorage's newspapers keep increasing.

. . . But Grim Reminders of the Recession Remain

The good news signalled by these indicators is tempered by grim reminders that the recession is still taking its toll. Personal bankruptcies, for example, are still climbing. In August, these bankruptcies were 18% higher than year-ago levels as individuals struggled out from underneath the economic rubble left from the recession. The value of construction awards has not turned the corner. Loan activity is still declining because of weak demand for new loans, while the writing off of bad loans continues.

Direct and Indirect Effects of Demobilization are Softening Employment Figures

The phase-out of the oil spill cleanup work force began in earnest in September after token declines in August. Approximately 2,700 cleanup workers lost their jobs in September. This loss includes only the direct oil spill workers being counted in the water transportation sector. (See Figure 1.) It does not include self-employed spill workers, an example being the skippers or some of the crew for many vessels involved in the effort.

Other oil spill-related losses appear in our overall employment figures but they cannot be readily identified since they are masked by other activity taking place in that particular industry. For example, hotel employment fell 12% in

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/	r/		Changes from:	
	9/89	8/89	9/88	8/89	9/88
Nonag. Wage & Salary	106,750	106,550	103,950	200	2,800
Mining	3,700	3,800	3,600	-100	100
Construction	5,100	5,050	4,950	50	150
Manufacturing	2,650	3,300	2,600	-650	50
Trans., Comm. & Utilities	10,200	10,150	9,500	50	700
Trucking & Warehousing	1,600	1,550	1,450	50	150
Water Transportation	550	550	350	0	200
Air Transportation	3,600	3,700	3,450	-100	150
Communications	1,850	1,350	1,800	0	50
All Other Transportation	2,600	2,500	2,450	100	150
Trade	25,750	25,900	24,850	-150	900
Wholesale	5,850	5,950	5,750	-100	100
Retail	19,900	19,950	19,100	-50	800
Gen. Merch. & Apparel	2,700	2,650	2,650	50	50
Food Stores	3,050	3,050	2,850	0	200
Eating & Drinking Places	7,950	8,000	7,750	-50	200
All Other Retail	6,200	6,250	5,850	-50	350
Finance, Ins. & Real Estate	6,900	6,900	7,100	0	-200
Services	25,950	26,050	25,250	-100	700
Government	26,500	25,400	26,100	1,100	400
Federal	10,200	10,300	10,350	-100	-150
State	7,650	6,700	7,250	950	400
Local	8,650	8,400	8,500	250	150

Fairbanks North Star Borough

	p/	r/		Changes from:	
	9/89	8/89	9/88	8/89	9/88
Nonag. Wage & Salary	27,700	27,450	27,000	250	700
Mining	200	200	200	0	0
Construction	2,000	2,000	2,000	0	0
Manufacturing	650	700	700	-50	-50
Trans., Comm. & Utilities	2,200	2,150	2,000	50	200
Trucking & Warehousing	450	450	400	0	50
Air Transportation	350	350	300	0	50
All Other Transportation	1,400	1,350	1,300	50	100
Trade	6,300	6,500	6,150	-200	150
Wholesale	750	800	700	-50	50
Retail	5,550	5,700	5,450	-150	100
Food Stores	800	800	800	0	0
All Other Retail	4,750	4,900	4,650	-150	100
Finance, Ins. & Real Estate	800	800	800	0	0
Services	5,850	6,200	5,800	-350	50
Government	9,700	8,900	9,350	800	350
Federal	2,850	2,900	2,800	-50	50
State	4,150	3,650	3,950	500	200
Local	2,700	2,350	2,600	350	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	9/89	8/89	9/88	8/89	9/88
Nonag. Wage & Salary	113,800	113,400	110,600	400	3,200
Mining	3,700	3,800	3,600	-100	100
Construction	5,350	5,250	5,300	100	50
Manufacturing	2,800	3,500	2,700	-700	100
Trans., Comm. & Utilities	10,900	10,750	10,200	150	700
Trade	27,400	27,550	26,450	-150	950
Finance, Ins. & Real Estate	7,350	7,350	7,500	0	-150
Services	27,350	27,650	26,400	-300	950
Government	28,950	27,550	28,450	1,400	500

Interior Region

	p/	r/		Changes from:	
	9/89	8/89	9/88	8/89	9/88
Nonag. Wage & Salary	32,350	32,000	31,450	350	900
Mining	350	400	350	-50	0
Construction	2,150	2,150	2,150	0	0
Manufacturing	650	700	700	-50	-50
Trans., Comm. & Utilities	2,650	2,650	2,450	0	200
Trade	6,800	6,900	6,700	-100	100
Finance, Ins. & Real Estate	900	900	900	0	0
Services	6,550	6,950	6,450	-400	100
Government	12,300	11,350	11,750	950	550

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 17)

Table 2 *(cont. from page 16)*

Nonagricultural Wage and Salary Employment
By Place of Work

Southeast Region

	p/	r/		Changes from:	
	9/89	**8/89**	**9/88**	**8/89**	**9/88**
Nonag. Wage & Salary	35,000	35,850	33,450	-850	1,550
Mining	300	300	200	0	100
Construction	1,400	1,400	1,250	0	150
Manufacturing	6,400	7,200	6,450	-800	-50
Seafood Processing	2,250	3,000	2,150	-750	100
Lumber & Paper Prod.	3,900	3,950	4,000	-50	-100
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,600	2,700	2,450	-100	150
Trade	5,450	5,600	5,150	-150	300
Wholesale	550	550	450	0	100
Retail	4,900	5,050	4,700	-150	200
Finance, Ins. & Real Estate	1,000	1,050	1,000	-50	0
Services	5,450	5,650	5,150	-200	300
Government	12,400	11,950	11,800	450	600
Federal	2,250	2,250	2,100	0	150
State	5,650	5,450	5,350	200	300
Local	4,500	4,250	4,350	250	150

Gulf Coast Region

	p/	r/		Changes from:	
	9/89	**8/89**	**9/88**	**8/89**	**9/88**
Nonag. Wage & Salary	24,850	29,300	21,500	-4,450	3,350
Mining	850	850	850	0	0
Construction	1,100	1,100	1,100	0	0
Manufacturing	3,850	5,350	4,400	-1,500	-550
Seafood Processing	3,100	4,600	3,700	-1,500	-600
All Other Manufacturing	750	750	700	0	50
Trans., Comm. & Utilities	4,400	7,050	1,450	-2,650	2,950
Trade	4,000	4,400	3,850	-400	150
Wholesale	550	700	550	-150	0
Retail	3,450	3,700	3,300	-250	150
Finance, Ins. & Real Estate	550	550	550	0	0
Services	3,900	4,150	3,600	-250	300
Government	6,200	5,850	5,700	350	500
Federal	650	650	650	0	0
State	2,200	1,950	1,850	250	350
Local	3,350	3,250	3,200	100	150

Southwest Region

	p/	r/		Changes from:	
	9/89	**8/89**	**9/88**	**8/89**	**9/88**
Nonag. Wage & Salary	14,300	15,650	13,800	-1,350	500
Seafood Processing	3,150	4,950	2,800	-1,800	350
All Other Private	4,850	5,100	4,750	-250	100
Government	6,300	5,600	6,250	700	50
Federal	1,350	1,350	1,300	0	50
State	550	550	550	0	0
Local	4,400	3,700	4,400	700	0

Northern Region

	p/	r/		Changes from:	
	9/89	**8/89**	**9/88**	**8/89**	**9/88**
Nonag. Wage & Salary	14,650	14,500	13,950	150	700
Mining	5,750	5,650	5,050	100	700
All Other Private	4,250	4,550	4,150	-300	100
Government	4,650	4,300	4,750	350	-100
Federal	400	400	400	0	0
State	350	300	350	50	0
Local	3,900	3,600	4,000	300	-100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 9/89	r/ 8/89	9/88	p/ 9/89	r/ 8/89	9/88	p/ 9/89	r/ 8/89	9/88
Mining	$1,132.46	$1,073.96	$1,140.65	51.9	49.4	49.4	$21.82	$21.74	$23.09
Construction	1,185.60	1,121.01	1,087.20	48.0	47.4	45.0	24.70	23.65	24.16
Manufacturing	546.40	611.51	492.67	41.3	53.5	38.4	13.23	11.43	12.83
Seafood Processing	370.72	533.69	283.72	38.9	58.2	34.6	9.53	9.17	8.20
Lumber & Paper Prod.	735.67	745.92	756.42	45.3	45.4	44.6	16.24	16.43	16.96
Trans., Comm. & Utilities	748.98	929.33	577.94	50.2	50.7	35.5	14.92	18.33	16.28
Trade	387.25	394.84	376.20	34.3	35.7	33.5	11.29	11.06	11.23
Wholesale	533.69	518.21	529.45	39.3	38.5	38.2	13.58	13.46	13.86
Retail	339.75	352.55	323.78	32.7	34.7	31.9	10.39	10.16	10.15
Finance-Ins. & R.E	421.08	403.77	412.45	36.3	35.7	34.2	11.60	11.31	12.06

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

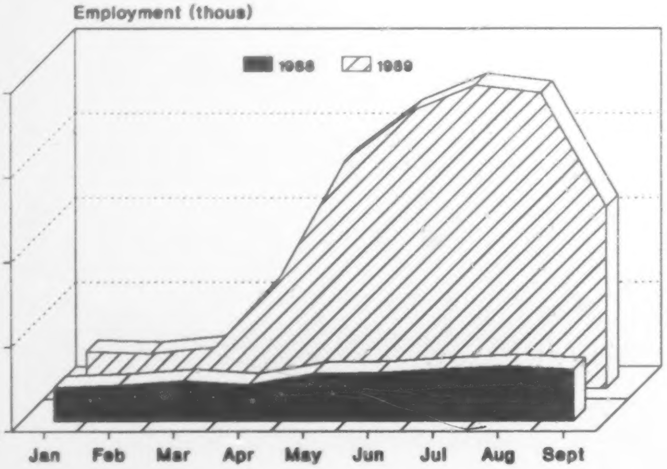
[2]/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Oil Spill Boosts Alaska's Water Transportation in 1989



Source: Alaska Department of Labor, Research & Analysis.

the Gulf Coast region in September. (See Table 2.) How much of it was due to the end of the tourist season or oil spill cleanup work cannot be readily pinpointed.

Red Dog Mine Boosting This Season's Construction Employment

The oil spill cleanup wasn't the only large scale employment project this summer. The Red Dog Mine in Northwest Alaska is the site of the single largest construction project in the state today. Although no ore has been shipped out of the $465 millon zinc and lead mine, it has been an extremely busy place this year — possibly the busiest it will ever be. In September, Red Dog had almost 700 construction workers employed. Almost 200 were working on a conveyor system and camp at the port. The rest were working at the mine site assembling the mill. In addition to the construction workers, 100 miners also had jobs at the mine. The first ore should be shipped out in December. When the mine is fully operational, a force of 300 permanent employees will be working at the site.

Elsewhere the Construction Industry is Still Struggling

Although this boost from Red Dog has helped construction employment pull itself above year-ago levels (2%), the industry is still shrinking. The value of construction awards, as measured by McGraw-Hill's Dodge Reports, is still falling. Construction awards were down 24% for the first eight months of 1989. Nonresidential construction has been particularly hard hit — down 42% from year ago levels. This is not surprising, given the excess amount of commercial space on the market in most communities. The present levels of construction employment, particularly on the nonresidential side, may be hard to sustain as military-related construction in Fairbanks begins to wind down and Red Dog goes into its production phase.

Gulf Coast Continues to Pace Employment Growth . . .

Figure 2 illustrates the magnitude of employment growth in different regions of the state. Leading the pack is the Gulf Coast region, although its lead is shrinking quickly because of demobilization of the oil cleanup work force. Even without the oil spill, the employment picture in the region would have been positive in 1989. Unemployment in the region rose sharply in September because of the conclusion of the salmon season and the demobilization. As an example, Kodiak's unemployment rate tripled from 1.9% in August to 6.8% in September.

. . . Followed By Southeast, Northern and Southwest . . .

Southeast's employment picture remains solid after a near record salmon harvest and a strong tourism season. Local and state government employment is also contributing to the region's economic strength. The only weakness is in the region's timber industry, which has softened because of weather related problems.

The Northern and Southwest regions are also enjoying better than average employment growth. Red Dog and oil industry activity is keeping the Northern region on a strong track. Bottomfishing activity, largely centered around Dutch Harbor, is helping to boost Southwest's employment. Southwest was the only region in the state where September's fish processing employment figures showed over-the-year growth.

. . . While Interior and Anchorage/MatSu Bring up the Rear

The Interior and Anchorage-MatSu regions are lagging behind the rest of the state's growth, but they are pushing ahead nevertheless. No single industry is specifically responsible for the employment growth in these two regions. A combination of activity in the service industry, retail trade, and government is contributing to the regions' strength. Fairbanks employment figures grew in September. One of the main reasons is because the University of Alaska, one of Fairbanks' largest employers, brought back most of its staff and faculty for the new school year.

Summary: Employment Picture Loses Some Of Its Robustness

Alaska's unemployment rate rose more sharply than usual in September as demobilization of the oil spill work force commenced. However, in spite of loss of jobs, unemployment is lower and employment is higher than a year ago. This situation will most likely continue through the remainder of the year, bolstered by a trend in employment growth which existed prior to the spill.

Employment is not the only positive economic indicator. A host of other telltale indicators are lining up on the plus side of Alaska's economic ledger. Vacancy rates, personal income, school enrollments, the salmon harvest, freight, bank profits, and a multitude of other statistics are confirming what the employment numbers have been telling us all year.

Not all the news is upbeat—personal bankruptcies are still climbing and the construction industry remains relatively soft. However, these weaknesses also occurred in prior years and are not necessarily a reflection on the present economic situation.

Errata:

In the September issue of Alaska Economic Trends, there were some errors in Table 1, page 21, for the number of VECO oil spill cleanup workers by residence. The corrected table should read:

Anchorage	1,271
Kodiak Island Borough	723
Valdez-Cordova Census Area	484
Kenai Peninsula Borough	436
Fairbanks North Star Borough	308
Matanuska-Susitna Borough	282
Balance of the state	243
Out of state	343
Total	4,090

About the author:

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Table 4

Labor Force By Region and Census Area

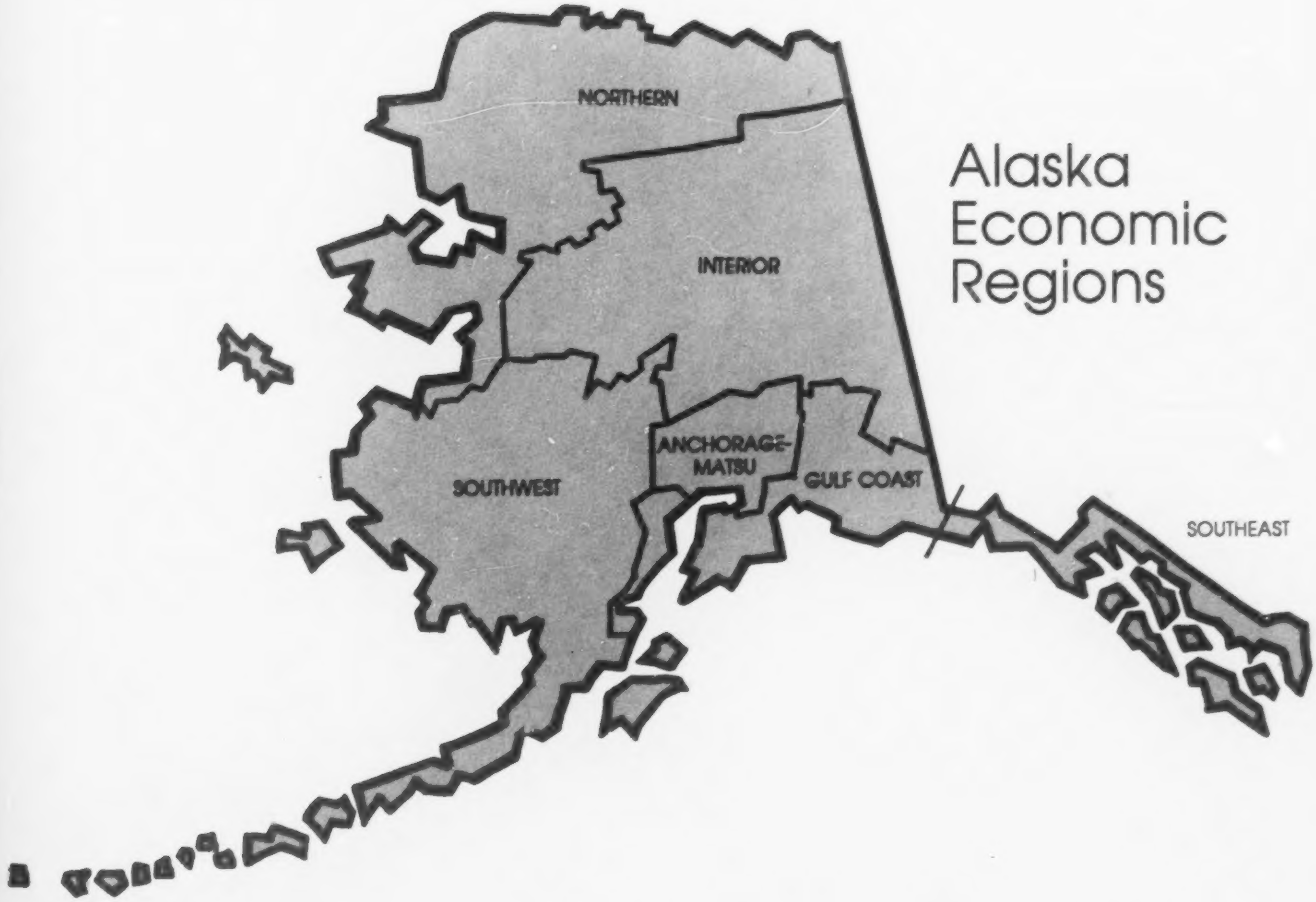
	Labor Force			Unemployment			Rate			Employment		
	p/ 9/89	r/ 8/89	9/88	p/ 9/89	r/ 8/89	9/88	p/ 9/89	r/ 8/89	9/88	p/ 9/89	r/ 8/89	9/88
Alaska Statewide	241,843	249,771	242,226	17,557	14,658	21,002	7.3%	5.9%	8.7%	224,286	235,113	221,224
Anch.-MatSu Region	121,866	122,827	124,210	8,323	6,894	10,444	6.8	5.6	8.4	113,543	115,933	113,766
Anchorage Borough	107,732	108,901	110,101	6,473	5,420	8,280	6.0	5.0	7.5	101,259	103,481	101,821
MatSu Borough	14,134	13,926	14,109	1,850	1,474	2,164	13.1	10.6	15.3	12,284	12,452	11,945
Gulf Coast Region	29,104	34,157	26,929	2,140	1,629	2,827	7.4	4.8	10.5	26,964	32,528	24,102
Kenai Peninsula Borough	18,060	21,300	17,089	1,484	1,304	2,273	8.2	6.1	13.3	16,576	19,996	14,816
Kodiak Island Borough	6,673	7,642	5,876	456	143	319	6.8	1.9	5.4	6,217	7,499	5,557
Valdez-Cordova	4,371	5,215	3,964	200	182	235	4.6	3.5	5.9	4,171	5,033	3,729
Interior Region	34,971	34,956	35,815	3,152	2,699	3,932	9.0	7.7	11.0	31,819	32,257	31,883
Fairbanks North Star Bor.	30,224	30,246	31,050	2,668	2,310	3,438	8.8	7.6	11.1	27,556	27,936	27,612
Southeast Fairbanks	1,956	1,910	1,988	163	93	192	8.3	4.9	9.7	1,793	1,817	1,796
Yukon-Koyukuk	2,791	2,800	2,777	321	296	302	11.5	10.6	10.9	2,470	2,504	2,475
Northern Region	8,171	8,046	8,188	751	664	752	9.2	8.3	9.2	7,420	7,382	7,436
Nome	3,087	3,064	3,098	320	311	325	10.4	10.2	10.5	2,767	2,753	2,773
North Slope Borough	2,948	2,910	2,933	180	156	159	6.1	5.4	5.4	2,768	2,754	2,774
Northwest Arctic Borough	2,136	2,072	2,157	251	197	268	11.8	9.5	12.4	1,885	1,875	1,889
Southeast Region	35,664	36,985	35,019	2,376	2,124	2,230	6.7	5.7	6.4	33,288	34,861	32,789
Haines Borough	880	906	868	64	52	65	7.3	5.7	7.5	816	854	803
Juneau Borough	16,243	16,829	15,950	1,033	899	968	6.4	5.3	6.1	15,210	15,930	14,982
Ketchikan Gateway Bor.	6,514	6,791	6,406	419	408	402	6.4	6.0	6.3	6,095	6,333	6,004
Pr. of Wales-Outer Ketch.	2,711	2,794	2,694	247	214	267	9.1	7.7	9.9	2,464	2,580	2,427
Sitka Borough	4,200	4,372	4,150	221	205	230	5.3	4.7	5.5	3,979	4,167	3,920
Skagway-Yakutat-Angoon	1,592	1,683	1,566	116	137	112	7.3	8.1	7.2	1,476	1,546	1,454
Wrangell-Petersburg	3,524	3,610	3,385	276	209	186	7.8	5.8	5.5	3,248	3,401	3,199
Southwest Region	12,067	12,800	12,065	815	648	817	6.8	5.1	6.8	11,252	12,152	11,248
Aleutian Islands	3,300	3,534	3,323	74	50	98	2.2	1.4	2.9	3,226	3,484	3,225
Bethel	4,655	4,912	4,599	421	339	366	9.0	6.9	8.0	4,234	4,573	4,233
Bristol Bay Borough	436	456	452	19	5	35	4.4	1.1	7.7	417	451	417
Dillingham	2,137	2,259	2,118	126	87	107	5.9	3.9	5.1	2,011	2,172	2,011
Wade Hampton	1,539	1,639	1,573	175	167	211	11.4	10.2	13.4	1,364	1,472	1,362

Notes: p/ denotes preliminary estimates   r/ denotes revised estimates   Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions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ALASKA ECONOMIC TRENDS

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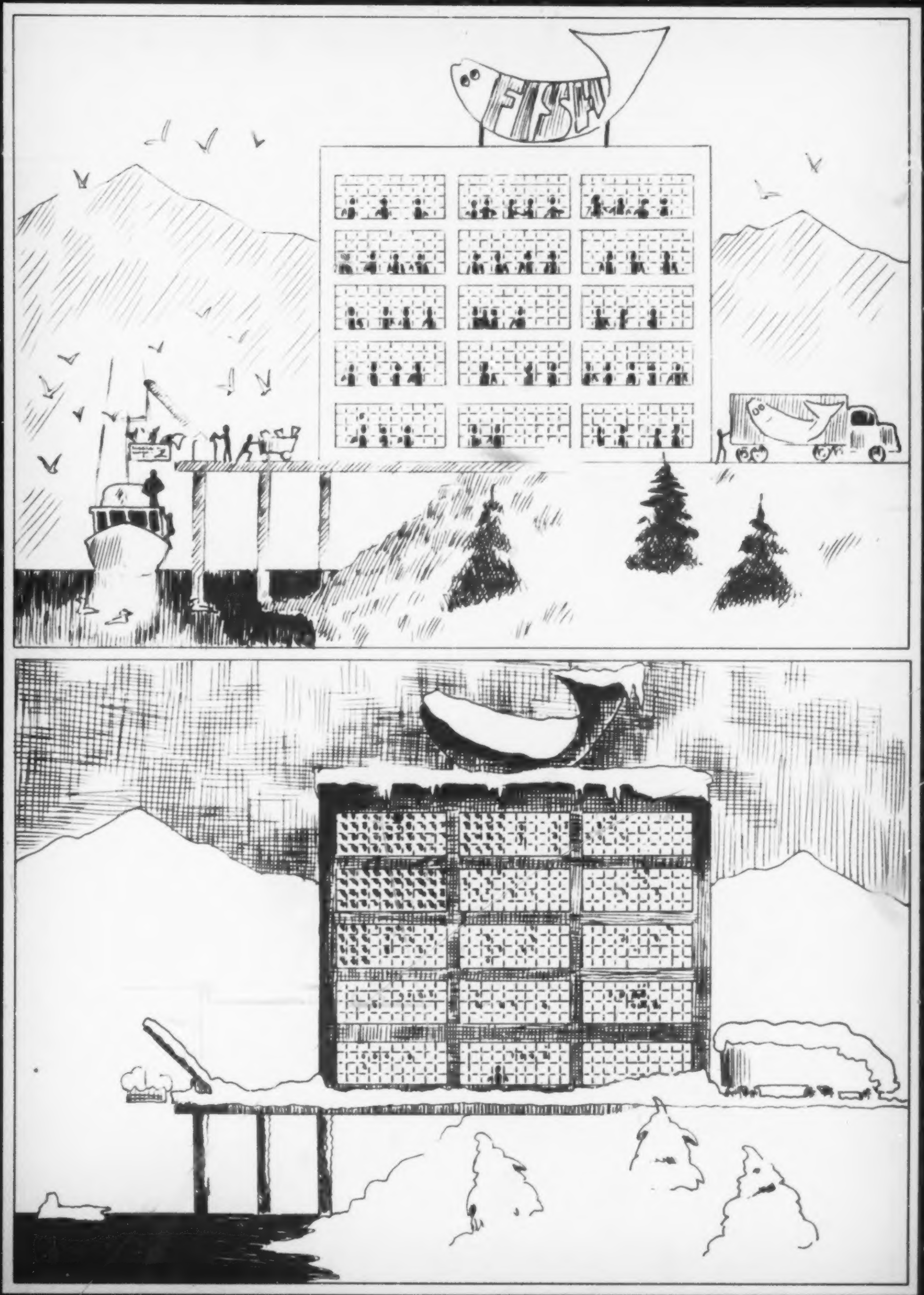
January 1990



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Spill Area Jobless Rates Increase

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC
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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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ALASKANS COUNT

MADE IN ALASKA

Mass Layoffs in Alaska

by Judy Hallanger

America has become increasingly concerned with the dislocated or displaced worker. Surveys conducted by the U.S. Department of Labor, Bureau of Labor Statistics (BLS) indicated that 4.7 million workers were displaced during the five year period ending January 1988. In Alaska, more than 12,000 workers were displaced during the same time. The influx of new technology, the shift from manufacturing to service jobs, the impacts of recent recessions, and growing foreign competition have all contributed to the concern about dislocated workers.

The terms "dislocated" and "displaced" are used interchangeably; they refer to a person who has substantial experience in a certain job but has lost their job because of a plant closing, slack work, or abolishment of their position or shift. Telephone operators, construction crews, and oil field workers provide examples of Alaskan workers who have been displaced at one time or another during the 1980s.

MLS Program Created to Track Layoffs

In response to the concern over dislocated workers, several federal programs were created. In 1982, the Job Training Partnership Act (JTPA) established training and employment programs targeted for specific groups, one of which (Title III) was dislocated workers. Another section of the JTPA legislation authorized the Bureau of Labor Statistics to collect statistics relating to permanent layoffs and plant closings. These statistics would fill an information void and enable more intelligent decision-making about future laws aimed at helping the displaced worker.

In 1984 BLS developed a model for what is now known as the Mass Layoff Statistics (MLS) program. Originally tested in eight states, MLS is now operational in most states and will soon be a nationwide program. The MLS program obtains and compiles information about all kinds of layoffs, including those which produce dislocated workers, and stores them in a comprehensive database to allow for further analysis as the need arises.

Alaska's MLS Program Began in late 1987

The Mass Layoff Statistics program began data collection in Alaska during the last quarter of 1987. This article presents a snapshot of Alaska's MLS program, focusing on the first full year of data available- 1988. Although not strictly limited to dislocated workers, these data remain the only statistical information currently available about layoffs in Alaska.

Declining Number of Layoffs Tracks Recovering Economy

Since late 1987, both the number of firms contacted about potential layoffs and the number reporting layoffs have declined steadily (see Figure 1 and inset on how MLS data are gathered & used). This trend corresponds with Alaska's general economic recovery and a gradual decrease in the unemployment rate seen in Alaska over the same period.

How MLS Data are Gathered and Used

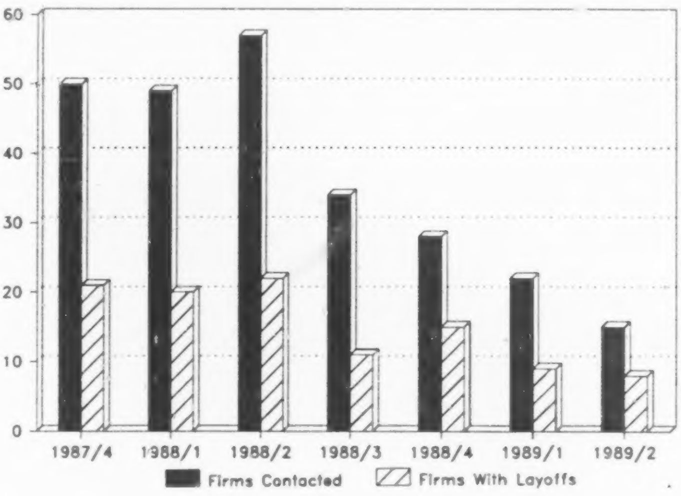
In brief, the MLS program works this way: employers with 20 or more unemployment insurance (UI) claims filed against them in any continuous three week period are marked for telephone contact. If the employer says that 20 or more people were laid off for 30 or more days then a layoff event has occurred. In addition, employers are asked to provide information about the layoff event, including how many people were affected, the layoff location and date, and the reason for the layoff.

The information obtained from employer contacts is then linked to UI claims data, and worker profiles are developed by incorporating claimant characteristics. The data are sent to the Bureau of Labor Statistics for inclusion into the national statistics.

Currently, MLS data are used as an allocator for certain Job Training Partnership Act (JTPA) funds. In the future, more programs may depend on MLS for federal fund allocation as well as for indications of change in the layoff situation both at the state level and nationwide.

Figure 1

MLS Layoffs are Declining



Source: Alaska Department of Labor, Research & Analysis Section.

Table 1

MLS Layoffs by Industry, 1988

Industry	Number of Layoff Events	Percent of Total
Manufacturing	26	32.9%
Mining	13	16.5
Construction	10	12.7
Transportation	10	12.7
Government	8	10.1
Services	6	7.6
Trade	3	3.8
Finance	3	3.8
Total	79	100.0

Source: Alaska Department of Labor, Research & Analysis

About the Author:

Judy Hallanger is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

During 1988, almost 7,000 people were separated from their employment as part of a MLS layoff. Of these, about 5,000 filed an initial claim for unemployment insurance (UI) after the layoff. Why didn't almost 2,000 people file a UI claim? There are many reasons, including finding another job right away, returning to school after a summer job, or being ineligible for UI benefits.

Half of MLS Layoffs in Manufacturing and Mining

All of the major industries were impacted by MLS layoffs in 1988 (see Table 1). Perhaps hardest hit was manufacturing, with 20 seafood processing layoff events and six layoff events in the timber category. However, most of these layoffs were attributed to seasonal reasons, and are considered a normal part of the manufacturing business in Alaska.

Mining also showed a large number of MLS layoffs in 1988. These were almost entirely confined to the oil and gas field services sector. Contract completion, contract cancellation, and periods of slack work caused the majority of the 13 mining layoff events.

Construction and transportation tied for the number three spot in the MLS industry breakdown, having 10 layoff events each. Construction layoffs were split evenly between "seasonal" and "contract completed" cited as their cause. Layoffs in the transportation industry represented a diverse group of employers, including air and water transportation firms, school bus drivers, and an electric utility company. The most common reason given for the transportation layoffs was slack work, followed by seasonal reasons and vacation period.

The remaining four industries (trade, finance, services, and government) did not show as much MLS activity. This is to be expected since they are either composed of mainly small firms (trade, services) or traditionally offer more stable employment (finance, government) than the industries previously discussed. As a group these four industries accounted for 20 layoff events in Alaska in 1988.

Alaska's Seasonal Economy Leads List of Reasons for Layoffs

The dominant reason for MLS layoffs in Alaska in 1988 was seasonal factors. This was cited almost twice as often as any other reason (see Table 2).

The next most cited reason for layoffs was slack work, defined as an unexpected, nonseasonal lack of demand for an employer's product or services. Less frequent reasons given by MLS employers were vacation period, contract completed or cancelled, and ownership change. There are many other potential causes for mass layoffs or business closings: labor dispute, bankruptcy, import competition, material shortage, natural disaster, and automation, to name a few. Some of these may affect Alaska in the future as our economy diversifies and matures.

Slack Work, Contract Completion Two Reasons for Layoffs Throughout Year

Although seasonal reasons dominated the overall 1988 picture, each quarter showed a different pattern (see Figure 2). Seasonal layoffs were especially important during the third quarter, when many seafood processors traditionally begin their layoffs. During the first and fourth quarters, construction, logging and sawmills experienced seasonal shutdowns. In the second quarter of the year, it was the "end of the season" for a few firms, including ski lodges and school bus drivers.

In contrast to seasonal layoffs, slack work showed up as a reason for layoffs in every quarter except the third. Slack work was responsible for layoffs in almost every industry in Alaska. Contract completion caused MLS layoffs in every quarter, particularly among construction firms. The actual number of layoff events remained fairly constant over the quarters, but dipped to a low in the third quarter, a busy time for most Alaskan employers.

Table 2

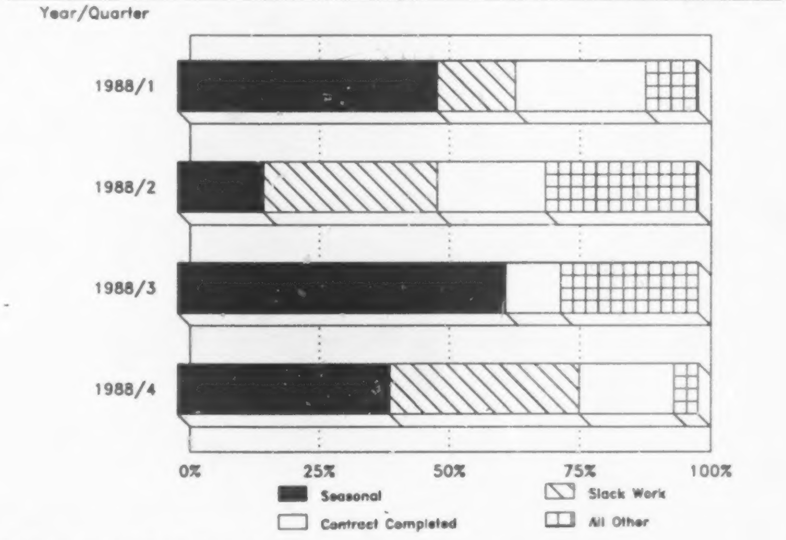
Reasons for MLS Layoffs, 1988

Industry	Number of Layoff Events	Percent of Total
Seasonal	34	43.0
Slack Work	19	24.1
Contract Completed	14	17.7
Contract Cancelled	3	3.8
Vacation Period	3	3.8
Ownership Change	1	1.3
Other	5	6.3
Total	79	100.0

Source: Alaska Department of Labor, Research & Analysis

Figure 2

Reasons for Layoffs Change with the Seasons



Source: Alaska Department of Labor, Research & Analysis

Table 3

Location of MLS Initial Claimants Compared to All UI Claimaints in 1988

	MLS Initial Claimants	Percent of Total	All UI Claimants	Percent of Total
Aleutian Islands Census Area	2	0.0%	153	0.3%
Anchorage Borough	1,101	23.2	13,429	26.3
Bethel Census Area	25	0.5	614	1.2
Bristol Bay Borough	5	0.1	70	0.1
Dillingham Census Area	3	0.1	243	0.5
Fairbanks North Star Borough	525	11.1	5,995	11.8
Haines Borough	24	0.5	179	0.4
Juneau Borough	89	1.9	1,652	3.2
Kenai Peninsula Borough	646	13.6	4,188	8.2
Ketchikan Gateway Borough	196	4.1	1,193	2.3
Kodiak Island Borough	295	6.2	843	1.7
Matanuska-Susitna Borough	333	7.0	3,741	7.3
Nome Census Area	47	1.0	613	1.2
North Slope Borough	71	1.5	231	0.5
Northwest Arctic Borough	33	0.7	464	0.9
Prince of Wales-Outer Ketchikan C.A.	191	4.0	740	1.5
Sitka Borough	102	2.1	579	1.1
Skagway-Yakutat-Angoon Census Area	111	2.3	563	1.1
Southeast Fairbanks Census Area	20	0.4	506	1.0
Valdez-Cordova Census Area	40	0.8	772	1.5
Wade Hampton Census Area	30	0.6	321	0.6
Wrangell-Petersburg Census Area	218	4.6	704	1.4
Yukon-Koyukuk Census Area	20	0.4	845	1.7
Alaska--Unknown Census Area	22	0.5	0	0.0
Alaska Total	4,149	87.4	38,638	75.8
Out of State	600	12.6	12,364	24.2
Total	4,749	100.0	51,002	100.0

Source: Alaska Department of Labor, Research & Analysis

Table 4

Selected Characteristics of MLS and All UI Claimaints, 1988

	MLS Initial Claimants	Percent of MLS Total	All UI Claimants	Percent of Total
Alaska Native	695	14.6%	7,037	13.8%
Female	1,375	29.0	18,724	36.7
Over 55	208	4.4	3,244	6.3

Source: Alaska Department of Labor, Research & Analysis

MLS Claimants Closely Resemble Other UI Claimants

When compared, initial claimants for UI from MLS layoffs are very similar to UI claimants as a whole. First of all, they seem to live in the same places (see Table 3). However, some fishing and logging areas, such as the Kenai Peninsula, Kodiak, Prince of Wales-Outer Ketchikan, and Wrangell-Petersburg have a disproportionate share of MLS claims. This reflects the high number of seafood processing, logging and mill layoffs in those areas.

A greater percentage of Alaska Natives were MLS initial claimants than in the general UI claimant population. There were also fewer female and over age 55 MLS claimants. But in general, there do not seem to be significant differences between the two groups in 1988 (see Table 4).

Summary

During the last decade, there has been growing concern over dislocated workers. Several federal programs were established to help these workers and to gather statistics about the problem. In Alaska, the MLS program began in late 1987 to record information about layoffs and the people they affect. Since the program started, the number of layoffs has been on the decline.

During 1988, the 79 MLS layoffs were dominated by seasonal layoffs in the manufacturing sector. About 70% of the people who were laid off filed for unemployment insurance. They shared many characteristics of other UI claimants.

Even with improvements in Alaska's economy, 40 to 50 layoff events are expected in 1989 based on preliminary data. Most of these layoffs are seasonal in nature and would probably occur each year regardless of fluctuations in the economy.

The Latest Dislocated Worker Legislation: WARN and EDWAA

After much debate, two new laws relating to dislocated workers were passed by Congress in 1988. The first, called the Worker Adjustment and Retraining Notification Act (WARN), requires employers of 100 or more workers to give 60 days notice in advance of a layoff or closing expected to last 6 months or longer involving 50 or more permanent, full-time workers.

The second piece of legislation, the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), essentially replaces the JTPA Title III program. It is designed to provide retraining and other assistance for dislocated workers. To reach this goal, each state will also establish a Dislocated Worker Unit (DWU) to coordinate services and develop plans for a rapid response team.

In Alaska, implementation of WARN began in February 1989. As of October 1989 there has been only one WARN layoff involving 170 workers. The EDWAA program began in July of 1989 and currently has 200 people enrolled (some of these are carryovers from the Title III program). There have been 45 positive completions from the program so far, and the average wage at placement was $12.06 an hour. During the program year 1988 (July 1988-June 1989), the JTPA Title III program had 410 participants. The average wage at placement was $9.86 an hour.

For more information on Alaska's WARN and EDWAA programs, contact:

Carolyn Tuovinen
Dislocated Worker Unit
Alaska Department of Community & Regional Affairs
949 East 36th Avenue #402
Anchorage, AK 99508
Telephone: (907) 563-1073

Women and Self-Employment

by F. Terry Elder

This article explores the significance of women in self-employment in rural and urban Alaska. It also examines the importance of self-employment as a source of private-sector employment for women. At the end of the article is a list of information sources, many of which are specifically about female self-employment.

Women are a significant and growing percentage of both total and self-employment in Alaska. There are a number of reasons why women are increasing their share of self-employment even faster than they are of wage and salary employment. The retail trade and service sectors of the economy have high relative growth rates, and women comprise a relatively large part of the employment in these sectors. Since entrepreneurs tend to establish businesses in industries in which they have experience, the tendency is for women to start businesses in these two rapidly growing industries.

Another reason for increasing female self-employment is the growing trend in business to contract out more services. Contracting out has helped the growth of small businesses, and women-owned businesses are getting their share of this contract work.

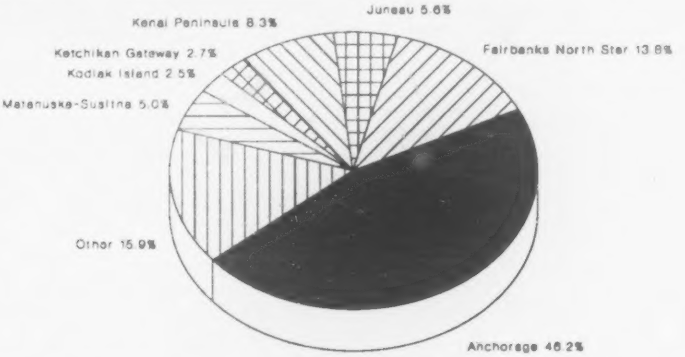
In addition to the growth of contracting, the desire to supplement family income has encouraged increased participation of women in self-employment as well as in wage and salary employment. The need to adapt work hours to other obligations, which is not always easy to do in the corporate world, has encouraged many women to work for themselves.

About the author:

F. Terry Elder is an economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Figure 1

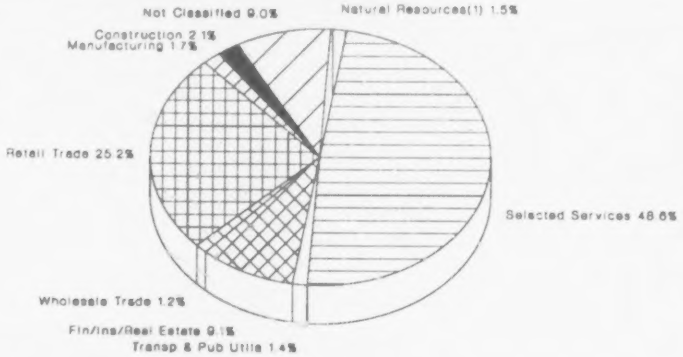
**Women Owned Businesses in Alaska
Geographic Distribution of Firms — 1982**



Source: 1982 Economic Census, WB82-1,Table 4, U.S. Department of Commerce.

Figure 2

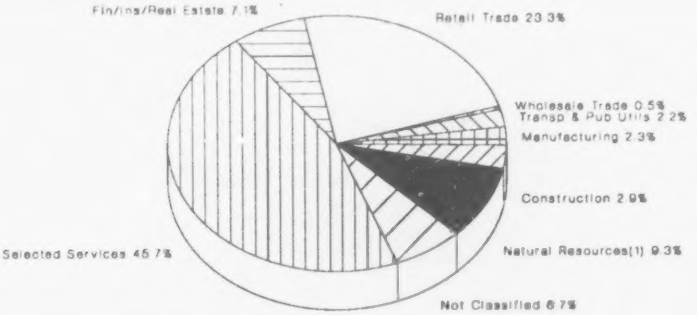
**Women-Owned Businesses in the U.S.
Industry Distribution of Firms — 1982**



(1) Includes Agriculture/Forestry/Fishing/ Mining.
Source: 1982 Economic Census, WB82-1,Table 1, U.S. Department of Commerce.

Figure 3

**Women-Owned Businesses in Alaska
Industry Distribution of Firms — 1982**



(1) Includes Agriculture/Forestry/Fishing/ Mining.
Source: 1982 Economic Census, WB82-1,Table 2, U.S. Department of Commerce.

Women Owned 2.9 Million Businesses in 1982

According to the survey, *Women Owned Businesses* published by the U.S. Department of Commerce's Census Bureau, there were 2.9 million women-owned businesses nationwide in 1982. Following are some interesting highlights about these businesses from the 1982 report:

- They accounted for about 23.9% of all proprietorships, partnerships, and subchapter S small business corporations.
- 92.3% were sole proprietorships, 4.6% were partnerships, and 3.1% were corporations.
- The 7.7% of firms comprised of partnerships and corporations generated 50.3% of total gross receipts.
- The 2.9 million firms had total gross receipts of $98.3 billion, or 10.2% of the gross receipts of all firms, excluding large corporations.
- Average gross receipts amounted to about $34,100.
- About 51.3% had gross receipts of less than $5,000.
- About 0.3% had gross receipts of $1 million, and these large firms accounted for almost 28% of the gross receipts of all women-owned firms.
- 73.8% of the businesses with 63.2% of gross receipts were classified in the services and retail trade sectors of industry.
- 55.5% operated out of a residence.

Women-owned Businesses Are Important in Alaska Too

The Census Bureau's report also showed that women were important in Alaska's economy. It counted 10,554 women-owned firms in Alaska, which generated gross receipts of $378.9 million. Some highlights about these Alaska businesses follow:

- In comparison to the 10,554 businesses owned by women, 27,367 Alaska businesses were owned by nonminority males.

- Geographic distribution of these firms was widespread, although businesses in the Anchorage Borough accounted for 46.2% of the firms and 50.5% of the gross receipts. (see Figure 1 and Figure 4.)
- About 69.0% of these firms, and 54.8% of gross receipts, were in the services and retail trade industries. These industries were relatively less important in Alaska than in the rest of the country. Over 9% of women-owned firms in Alaska were in the natural resources industry compared to 1.5% nationally. (see Figure 2, Figure 3 and Figure 6.)
- Industry distribution of gross receipts of these firms in Alaska differed significantly from their national counterparts. Retail and wholesale trade provided 33.3% of gross receipts in Alaska versus 45.8% in the U.S. Construction accounted for 12.8% in Alaska compared to 4.6% nationally. (see Figure 5 and Figure 6.)

Recent Data Suggests Female Self-Employment Increasing

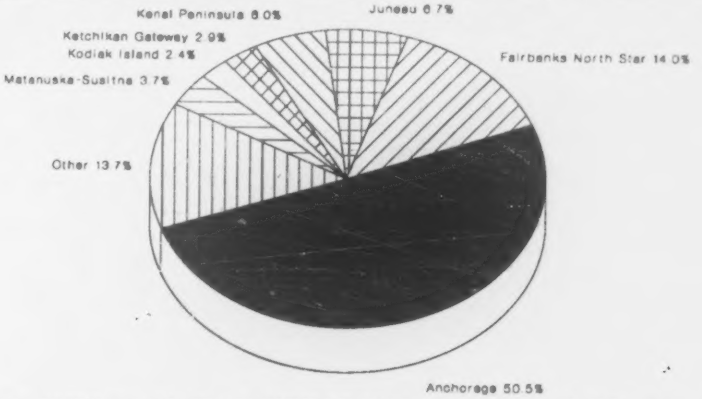
More recent national data suggest that the importance of female participation in self-employment has increased since 1980. In a March 26, 1988, article in the *Anchorage Daily News*, Robert Dietsch of the Scripps Howard News Service reported that, in the mid-1980s, the growth rate of the number of female-owned businesses was twice that of male-owned businesses. Mr. Dietsch further stated that female participation in self-employment workshops is large (more than 50%), and that some small business trade organization officials believe that women could be 50% of self-employed workers by the end of the century.

Self-Employment: A Growing Employment Option; Especially Among Nonwhites and Females

In Alaska, between 1980 and 1985, self-employment[1] sharply increased its share of total employment from 7.3% to 11.9%. (see Figure 7.) Increased

Figure 4

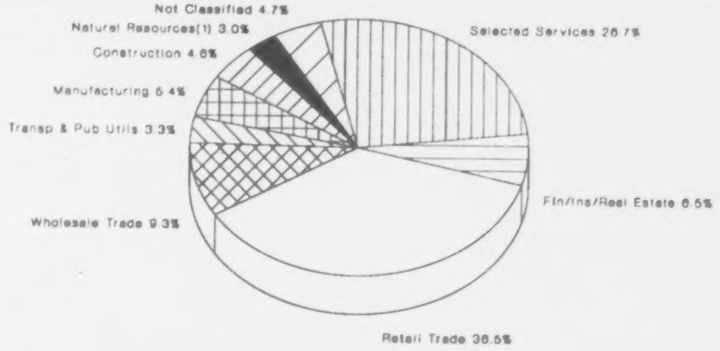
Women-Owned Businesses in Alaska Geographic Distribution of Gross Receipts — 1982



Source: 1982 Economic Census, WB82-1,Table 4, U.S. Department of Commerce.

Figure 5

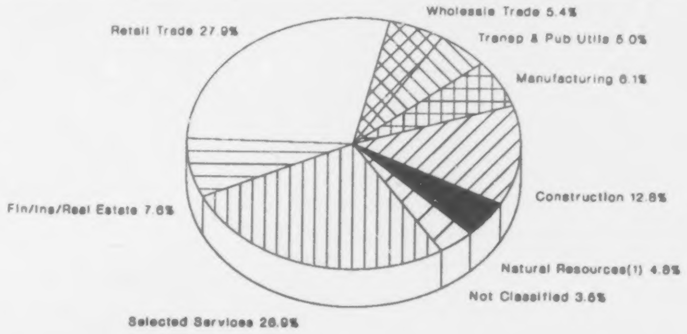
Women-Owned Businesses in the U.S. Industry Distribution of Gross Receipts — 1982



(1) Includes Agriculture/Forestry/Fishing/ Mining.
Source: 1982 Economic Census, WB82-1,Table 1, U.S. Department of Commerce.

Figure 6

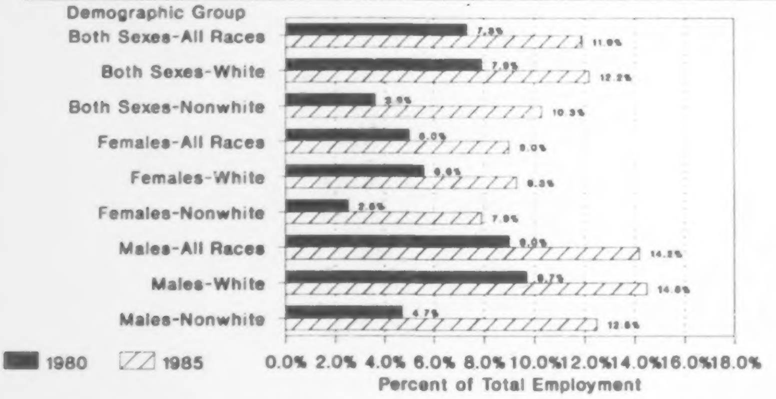
Women-Owned Businesses in Alaska Industry Distribution of Gross Receipts — 1982



(1) Includes Agriculture/Forestry/Fishing/ Mining.
Source: 1982 Economic Census, WB82-1,Table 2, U.S. Department of Commerce.

Figure 7

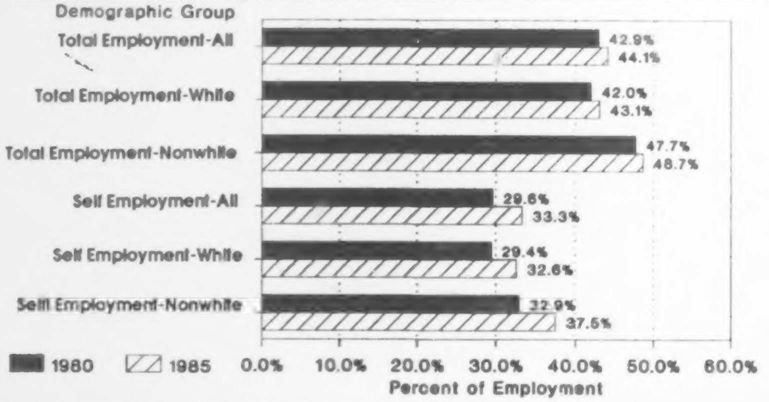
Self-Employment as a Percent of Total Employment Alaska, 1980 & 1985



Source: 1985-Current Population Survey, U.S. BLS; 1980-Census Bureau

Figure 8

Females as a Percent of Employment Alaska, 1980 & 1985



Source: 1985-Current Population Survey, U.S. BLS; 1980-Census Bureau

self-employment was present in all demographic groups, but the increase in importance of self-employment was especially large for nonwhites. Self-employment increased its share of total employment for this group from 3.6% to 10.3%. The share almost doubled for women, but tripled for nonwhite women. Despite inroads made into self-employment by females, men still dominate self-employment. In 1985, somewhat more than one in ten employed women were self-employed, but about one in six employed men worked for themselves.

In Alaska, men are the majority of both total employment and the self-employed but women are making gains. Women in Alaska increased their share of employment between 1980 and 1985 from 42.9% of the total to 44.1%. (see Figure 8.) Both white and nonwhite women registered gains. Paralleling the trend in total employment, women increased their share of self-employment from 29.6% to 33.3%. Again, both white and nonwhite women gained relative to men. Another indication of nonwhite female self-employment advances is that the white share of female self-employment fell from 91.6% in 1980 to about 83.3% in 1985. Self-employment among nonwhite women rose from 2.5% of their total employment to 7.9%.

The 42.9% female share of total employment in Alaska in 1980 was about the same as the 42.6% national female share of total employment. Women comprised a larger percentage of total employment for nonwhite groups than for whites. (see Figure 9.) Women comprised a smaller percentage of total employment in rural areas compared to their statewide share for each demographic group. Native women in rural areas were 44.8% of Native rural total employment. This was the largest female share of any race group in rural Alaska.

The female share of self-employment (adjusted to include employees of their own corporations)[2] was 29.0%. (see Figure 10.) This was substantially larger than the 21.6% female share of self-employment in the U.S. in 1980. Similar to total employment, the female share of statewide nonwhite self-employment was greater than that for whites. In contrast to the share of total employment, however, Native women comprised a slightly larger share of Native rural self-employment than for Native statewide self-employment.[3] Generally, women were a smaller percent of statewide and rural self-employment than they were of total employment. For some demographic groups, however, the role of women in self-employment was about the same as their role in total employment. This was true for rural black women and statewide and rural Asian women.

'80 Census Shows Positive Rural Effect on Self-Employment

Further insight into the role of women in self-employment may be gained by a detailed look at the 1980 census, which provides data on employment by race, sex, and location (see Table 1). The data show that there is a positive "rural effect" on self-employment. That is, for every race and sex group except Native and Asian men, self-employment is a larger percentage of rural private employment than of urban private employment. The "rural effect" is larger and more consistently present for females than for males. Among women, the "rural effect" is strongest for blacks and Spanish-origin women.

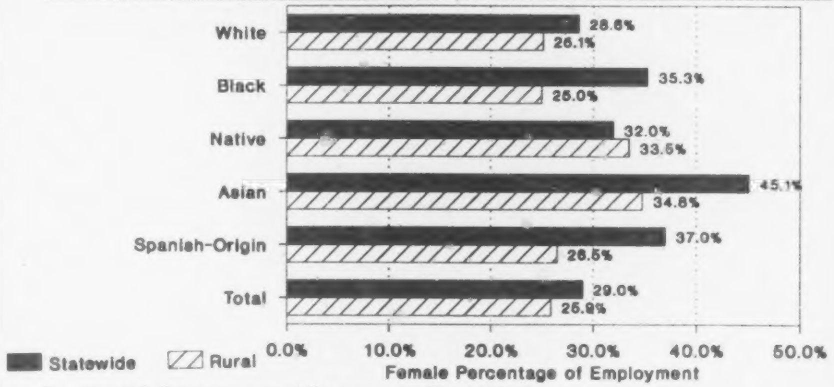
Without more data and analysis, it can't be determined why the "rural effect" exists and why it appears to be different for the racial groups. Cultural, demographic, and economic factors- or some combination thereof- are possibilities for the "rural effect". Self-employment may be a larger share of total private employment in rural Alaska due to a lack of wage and salary job opportunities in the private sector. The stronger effect for women may reflect the decision of some women, for whatever reason, in rural Alaska not to compete with men for wage and salary jobs. Another possibility is that it reflects the ability of local entrepreneurs to serve their local markets competitively. Not every merchant needs a huge market. The merchant only needs a market large enough to generate sufficient revenues to cover costs and provide a reasonable profit. The data suggest that there are profitable opportunities in rural Alaska. These opportunities are being exploited by members of each racial group and, especially, by women. Even though there were numerically fewer women than men who were self-employed, self-employment was a significant source of employment for women of all races, especially in rural Alaska.

The data also show that, in 1980, women of each race were less likely to be self-employed than men. This observation, however, does not hold consistently. For each racial group, the self-employment share of private employment is lower for women than men. For Asian men and women, the percentages are very close. In rural Alaska, Black and Asian women show a greater tendency to be self-employed than do men of the same race. Also, Native and Spanish-origin rural women have almost the same tendency to self-employment as do Native and Spanish-origin rural men.

It is likely that the differences between the sexes of each race have narrowed since 1980. Data from 1980, 1982, and 1985 suggest that women are increasingly important contributors to employment and self-employment in Alaska. In addition to the importance of women in self-employment, especially in rural areas, women accounted for about 59.3% of unpaid family workers in 1980. It is likely that many of these female unpaid family workers were important to the survival of small businesses that may have been owned by men.

Figure 9

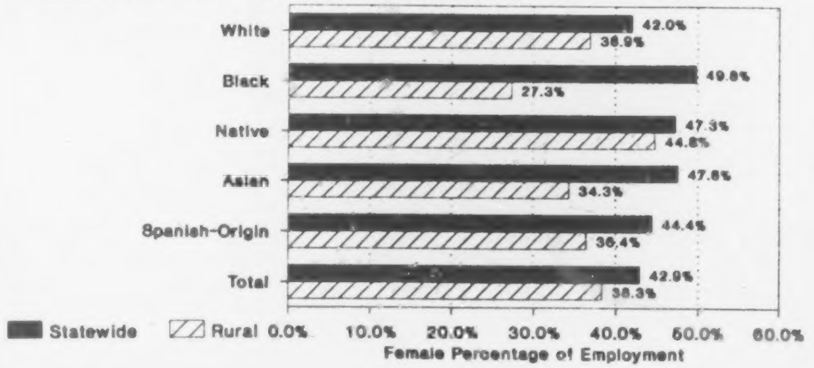
Females by Race as a Percent of Total-Employment — Alaska, 1980



Source: U.S. Department of Commerce, Census Bureau, PC80-1-C3, Alaska, Tables 67/77/87.

Figure 10

Females by Race as a Percent of Self-Employment* —Alaska, 1980



* Includes employees of own corporations.

Source: U.S. Department of Commerce, Census Bureau, PC80-1-C3, Alaska, Tables 67/77/87.

Summary

It can be seen, then, that self-employment is important in Alaska, and is particularly important in rural Alaska. In addition, women in Alaska comprise a larger component of self-employment than they do nationally. The self-employment option is not for everyone, but men and women should keep in mind that it is an option to consider.

Notes

1. This does not include the self-employed who incorporate, since they are called employees of own corporations, and are included in wage and salary employment. If these employees were included in self-employment, it would raise the self-employment percentages to 9.2% in 1980 and 15.0% in 1985. Since the data are not available in that detail for 1985, they are excluded from the 1980 data for comparative purposes.

2. About 3.3% of total private wage and salary employment in 1980 was composed of employees of their own corporations, and the percentage was about the same in rural areas (3.0%). Examination of the race and sex characteristics of employees of their own corporations reveals the 94.0% were white, 0.5% were black, 4.1% were Native, and 1.3% were of Spanish origin. About 26.6% of employees statewide were women, and 29.4% of employees of their own corporations in rural Alaska were women. Interestingly, almost half of the Native employees of their own corporations were women. Native female entrepreneurs, for some reason, tended to use the corporate structure at an above average rate.

3. Native self-employment was 33.5% female in rural areas and 29.7% female in urban areas. This was the only group for which women were a larger percentage of rural than urban self-employment.

Table 1

Self-Employment 1/ as a Percent of Total Private Employment Alaska, 1980

Category	Total	Rural	Urban	Total Female	Rural Female	Urban Female	Total Male	Rural Male	Urban Male
White	14.7%	17.5%	13.6%	10.6%	13.1%	9.8%	17.4%	19.7%	16.4%
Black	8.0	15.4	7.3	5.7	15.7	5.2	10.3	15.3	9.6
Native	9.6	10.4	8.6	7.4	9.3	5.5	11.1	11.0	11.3
Asian	5.4	4.5	5.6	5.3	5.6	5.2	5.4	4.0	6.0
Spanish-origin	7.5	14.8	6.2	6.2	13.8	5.4	8.6	15.2	7.0
Total	13.9	16.3	12.9	10.0	12.5	9.2	16.5	18.3	15.7

1/ Self-employment includes employees of their own corporations.

Source: U.S. Department of Commerce, Bureau of Census, PC 80-1-C3, Alaska Tables 67/77/87

A Primer for Self-Employment

There are many roads to self-employment, and many sources of information for people considering working for themselves. For example, the Alaska Dept. of Commerce and Economic Development offers help from their Business Development Division. The Adult and Vocational Education section of the Alaska Dept. of Education offers information and an interest assessment quiz in the publication *Working for Yourself*. Women considering starting their own businesses may be interested in the information below. Most sources are targeted for female entrepreneurs.

Christiansen, Kathleen. *Women and Home-Based Work*. New York, NY: Henry Holt & Co., 1988. Describes disadvantages experienced by women working at home for pay.

Hoffman, David. *Prepare for Success: How to Start a Village Business*. Anchorage, AK: Village Entrepreneurship Program, Community Enterprise Development Corp. 1985. How to start and finance a business in rural Alaska.

Mancuso, Joseph R. *Small Business Resource Guide*. New York, NY: The Center for Entrepreneurial Mgmt. A list of publications, govt. agencies, and associations providing information or services to business owners. Write to Center for Entrepreneurial Mgmt. (CEM), 29 Greene Street, New York, NY 10013, ph.(212) 925-7304.

Alaska Dept. of Commerce and Economic Development, Division of Business Development. *Establishing a Business in Alaska*. 1988. Information on starting a business in Alaska including sources of assistance, licensing requirements, taxation, labor laws, and other information for those working for themselves.

Alaska Dept. of Education, Office of Adult and Vocational Education. *Home-Based Business Resources*. 1986. Information on establishing a business run from the home. Includes information useful to rural entrepreneurs, independent crafts and trades people & service business proprietors. Available from the Vocational Materials Library of the Office of Adult and Vocational Education.

Corp. for Enterprise Development. *A Working Guide to Women's Self-Employment*. A report for organizations, officials and others concerned with opening the self-employment option to more women, especially poor and low-income women. The cost is $10. Write the Corp. for Enterprise Development, 1725 K Street, NW, Suite 1401, Washington, DC 20006.

JG Press. *Sideline Business*. A monthly newsletter for part-time entrepreneurs offering accounting and tax tips. Available for $24.95/year from JG Press, Box 323, Emmaus, PA 18049.

Mother's Home Business Network. *Mother's Home Business Network*. Newsletter and other resources for mothers starting home-based businesses. For sample, send $2 & a self-addressed stamped envelope to Mother's Home Business Network, P.O. Box 423, East Meadow, NY 11554.

National Federation of Business Foundation. *Risk to Riches*. A study exploring the status of women's entrepreneurship in 20 industry categories. Write to the National Federation of Business (NFIB) Foundation, Government and Research Office, 600 Maryland Ave., SW, Suite 700, Washington, DC 20024.

US Dept.of Labor. *From Homemaking to Entrepreneurship: A Readiness Training Program*. A "how-to" guide for organizations and local and state govt. units concerned with increasing the employment opportunities for women. Write to the US Dept. of Labor, Women's Bureau, 200 Constitution Ave., NW, Washington, DC 20210.

US Dept. of Labor. *Women Business Owners*. A fact sheet on the rapid rise of women-owned businesses. Gives tips on entrepreneurial opportunities for women, including assistance programs for prospective business owners. Write to the US Dept. of Labor, Women's Bureau, Dept. R, 200 Constitution Ave, NW, Washington, DC 20210.

US Dept. of Labor. *Women-Owned Businesses*. (WB82-1). A 1982 survey of businesses owned by women available from the US Dept. of Labor, Women's Bureau, 200 Constitution Ave., NW, Washington, DC 20210.

Statewide Unemployment Falls- Spill Area Jobless Rates Increase

by John Boucher

Alaska's statewide unemployment rate fell slightly in October, falling two-tenths of a percentage point to 7.1%. The October rate resumed the trend of record-setting monthly unemployment rates which has characterized most of 1989. In eight out of ten months this year the unemployment rate recorded an all-time low for that particular month. (see Figure 1.) It is now a certainty- barring unforeseen dramatic increases in unemployment in the last two months of the year- that 1989 will record the lowest annual unemployment rate for Alaska since 1976. The unemployment rate in 1976 was 8.0%. Comparable statistics for Alaska's unemployment rate are not available prior to 1976 because the unemployment rate was calculated differently.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work Alaska

	p/ 10/89	r/ 9/89	10/88	Changes from 9/89	Changes from 10/88
Nonag. Wage & Salary	222,900	234,200	214,800	-11,300	8,100
Mining	10,800	11,000	9,700	-200	1,100
Construction	10,500	11,400	9,900	-900	600
Manufacturing	13,400	17,100	13,600	-3,700	-200
Seafood Processing	5,900	9,300	6,000	-3,400	-100
Lumber & Paper Products	3,900	4,100	4,200	-200	-300
All Other Manufacturing	3,600	3,700	3,400	-100	200
Trans., Comm. & Utilities	18,400	21,900	17,300	-3,500	1,100
Trucking & Warehousing	2,200	2,400	2,200	-200	0
Water Transportation	1,800	4,200	1,100	-2,400	700
Air Transportation	5,700	6,000	5,400	-300	300
Communications	3,200	3,300	3,200	-100	0
All Other Transportation	5,500	6,000	5,400	-500	100
Trade	44,200	45,500	42,300	-1,300	1,900
Wholesale	7,900	8,100	7,600	-200	300
Retail	36,300	37,400	34,700	-1,100	1,600
Gen. Merch. & Apparel	5,400	5,500	5,100	-100	300
Food Stores	6,600	6,500	6,000	100	600
Eating & Drinking Places	13,100	14,100	12,600	-1,000	500
All Other Retail	11,200	11,300	11,000	-100	200
Finance, Ins. & Real Estate	10,500	10,600	10,600	-100	-100
Services	44,100	45,700	42,700	-1,600	1,400
Hotels & Other Lodging	4,700	5,700	4,300	-1,000	400
Government	71,000	71,000	68,700	0	2,300
Federal	18,000	18,500	17,800	-500	200
State	21,800	21,900	20,400	-100	1,400
Local	31,200	30,600	30,500	600	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.
Benchmark date: March 1988
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

While the statewide rate was setting another record, areas affected by the demobilization of the oil spill work force were not doing as well. The demobilization manifested itself in the Valdez-Cordova, Kenai and Kodiak areas in October in the form of higher unemployment rates. (see Table 4.) Jobless rates in all three of these areas increased in October, the largest increase being in the Valdez-Cordova census area. October's unemployment rate in Valdez-Cordova was 8.5%, up nearly four percentage points from September. Meanwhile, the Kenai Peninsula Borough's unemployment rate increased more than three percentage points to 11.2% and Kodiak's unemployment rate increased nearly a full percentage point.

4,600 Jobs Lost In Gulf Coast In October

Given the loss of 4,500 jobs in the Gulf Coast region during October it is not too surprising that unemployment rates in the region took a jump. More than 60% of the job loss (2,700) in the region was due to oil spill workers. Most of the balance of the job loss was in the seafood processing industry. (see Table 2.) Now

Table 2

Nonagricultural Wage and Salary Employment
By Place of Work

Anchorage Borough

				Changes from:	
	p/ 10/89	r/ 9/89	10/88	9/89	10/88
Nonag. Wage & Salary	106,150	106,850	102,000	-700	4,150
Mining	3,650	3,700	3,500	-50	150
Construction	4,850	5,150	4,500	-300	350
Manufacturing	2,400	2,650	2,350	-250	50
Trans., Comm. & Utilities	10,100	10,200	9,150	-100	950
Trucking & Warehousing	1,500	1,600	1,400	-100	100
Water Transportation	800	550	300	250	500
Air Transportation	3,450	3,600	3,350	-150	100
Communications	1,850	1,850	1,750	0	100
All Other Transportation	2,500	2,600	2,350	-100	150
Trade	25,950	25,750	24,550	200	1,400
Wholesale	5,950	5,850	5,750	100	200
Retail	20,000	19,900	18,800	100	1,200
Gen. Merch. & Apparel	2,800	2,700	2,600	100	200
Food Stores	3,100	3,050	2,800	50	300
Eating & Drinking Pl.	7,800	7,950	7,550	-150	250
All Other Retail	6,300	6,200	5,850	100	450
Finance, Ins. & Real Estate	6,850	6,800	7,150	50	-300
Services	25,950	26,100	24,700	-150	1,250
Government	26,400	26,500	26,100	-100	300
Federal	10,100	10,200	10,200	-100	-100
State	7,800	7,650	7,350	150	450
Local	8,500	8,650	8,550	-150	-50

Anchorage-MatSu Region

				Changes from:	
	p/ 10/89	r/ 9/89	10/88	9/89	10/88
Nonag. Wage & Salary	113,100	114,000	108,500	-900	4,600
Mining	3,650	3,700	3,550	-50	100
Construction	5,100	5,400	4,850	-300	250
Manufacturing	2,550	2,800	2,450	-250	100
Trans., Comm. & Utilities	10,750	10,900	9,900	-150	850
Trade	27,600	27,450	26,100	150	1,500
Finance, Ins. & Real Estate	7,350	7,350	7,500	0	-150
Services	27,250	27,450	25,650	-200	1,600
Government	28,850	28,950	28,500	-100	350

Fairbanks North Star Borough

				Changes from:	
	p/ 10/89	r/ 9/89	10/88	9/89	10/88
Nonag. Wage & Salary	26,550	27,650	25,950	-1,100	600
Mining	150	200	150	-50	0
Construction	1,850	2,000	1,800	-150	50
Manufacturing	650	650	650	0	0
Trans., Comm. & Utilities	1,900	2,200	1,850	-300	50
Trucking & Warehousing	400	450	400	-50	0
Air Transportation	300	350	300	-50	0
All Other Transportation	1,200	1,400	1,150	-200	50
Trade	5,650	6,250	5,500	-600	150
Wholesale	750	750	700	0	50
Retail	4,900	5,500	4,800	-600	100
Food Stores	800	800	800	0	0
All Other Retail	4,100	4,700	4,000	-600	100
Finance, Ins. & Real Estate	800	800	750	0	50
Services	5,650	5,850	5,600	-200	50
Government	9,900	9,700	9,650	200	250
Federal	2,800	2,850	2,750	-50	50
State	4,300	4,150	4,200	150	100
Local	2,800	2,700	2,700	100	100

Interior Region

				Changes from:	
	p/ 10/89	r/ 9/89	10/88	9/89	10/88
Nonag. Wage & Salary	30,650	32,[illegible]00	29,800	-1,650	850
Mining	300	350	300	-50	0
Construction	2,000	2,150	1,900	-150	100
Manufacturing	650	650	650	0	0
Trans., Comm. & Utilities	2,350	2,650	2,200	-300	150
Trade	6,050	6,750	5,900	-700	150
Finance, Ins. & Real Estate	900	900	800	0	100
Services	6,200	6,550	6,100	-350	100
Government	12,200	12,300	11,950	-100	250

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 13)

(cont. from page 12) Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 10/89	r/ 9/89	10/88	Changes from: 9/89	Changes from: 10/88
Nonag. Wage & Salary	32,350	34,850	31,700	-2,500	650
Mining	300	300	200	0	100
Construction	1,300	1,350	1,250	-50	50
Manufacturing	5,050	6,250	5,450	-1,200	-400
Seafood Processing	1,100	2,150	1,200	-1,050	-100
Lumber & Paper Products	3,700	3,850	3,950	-150	-250
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,300	2,600	2,300	-300	0
Trade	5,100	5,450	4,950	-350	150
Wholesale	500	550	450	-50	50
Retail	4,600	4,900	4,500	-300	100
Finance, Ins. & Real Estate	1,050	1,050	1,000	0	50
Services	5,050	5,400	4,850	-350	200
Government	12,200	12,450	11,700	-250	500
Federal	2,100	2,300	2,050	-200	50
State	5,550	5,650	5,250	-100	300
Local	4,550	4,500	4,400	50	150

Southwest Region

	p/ 10/89	r/ 9/89	10/88	Changes from: 9/89	Changes from: 10/88
Nonag. Wage & Salary	13,550	14,650	12,950	-1,100	600
Seafood Processing	2,300	3,400	2,100	-1,100	200
All Other Private	4,700	4,850	4,500	-150	200
Government	6,550	6,400	6,350	150	200
Federal	1,300	1,350	1,300	-50	0
State	550	550	550	0	0
Local	4,700	4,500	4,500	200	200

Gulf Coast Region

	p/ 10/89	r/ 9/89	10/88	Changes from: 9/89	Changes from: 10/88
Nonag. Wage & Salary	20,350	24,950	19,600	-4,600	750
Mining	850	850	800	0	50
Construction	1,050	1,100	1,050	-50	0
Manufacturing	2,650	3,850	2,950	-1,200	-300
Seafood Processing	1,900	3,100	2,250	-1,200	-350
All Other Manufacturing	750	750	700	0	50
Trans., Comm. & Utilities	1,600	4,400	1,400	-2,800	200
Trade	3,850	4,050	3,700	-200	150
Wholesale	550	550	500	0	50
Retail	3,300	3,500	3,200	-200	100
Finance, Ins. & Real Estate	550	550	550	0	0
Services	3,550	3,950	3,350	-400	200
Government	6,250	6,200	5,800	50	450
Federal	600	650	600	-50	0
State	2,100	2,200	1,850	-100	250
Local	3,550	3,350	3,350	200	200

Northern Region

	p/ 10/89	r/ 9/89	10/88	Changes from: 9/89	Changes from: 10/88
Nonag. Wage & Salary	14,650	14,700	13,600	-50	1,050
Mining	5,650	5,700	4,950	-50	700
All Other Private	4,250	4,350	4,100	-100	150
Government	4,750	4,650	4,550	100	200
Federal	400	400	350	0	50
State	350	350	350	0	0
Local	4,000	3,900	3,850	100	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 10/89	r/ 9/89	10/88	p/ 10/89	r/ 9/89	10/88	p/ 10/89	r/ 9/89	10/88
Mining	$1,040.36	$1,131.31	$1,094.17	46.8	51.8	49.0	$22.23	$21.84	$22.33
Construction	1,098.39	1,175.40	1,033.79	45.9	47.8	43.4	23.93	24.59	23.82
Manufacturing	571.86	545.65	589.31	40.3	41.4	43.3	14.19	13.18	13.61
Seafood Processing	329.78	375.71	364.23	36.4	39.3	42.7	9.06	9.56	8.53
Lumber & Paper Prod	783.55	737.30	775.56	46.2	45.4	46.0	16.96	16.24	16.86
Trans., Comm. & Utilities	647.96	719.37	613.26	38.8	50.2	37.1	16.70	14.33	16.53
Trade	398.01	388.62	380.95	34.7	34.3	33.3	11.47	11.33	11.44
Wholesale	540.40	534.50	541.94	38.6	39.1	38.3	14.00	13.67	14.15
Retail	351.03	341.12	327.06	33.4	32.8	31.6	10.51	10.4	10.35
Finance-Ins. & R.E	406.27	418.42	414.75	36.7	36.8	35.0	11.07	11.37	11.85

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade & Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

that spill work has ended, the region is posting a more realistic rate of job growth- a little more than 4%. This compares to the 20-25% growth rates that were posted at the peak of the clean up effort. There are still some employment remnants left over from the spill though and these will be reflected in the Gulf Coast employment picture for the remainder of the year.

Retail Activity – A Sign of Spill Worker Spending?

The differing directions of the statewide and spill-affected area's unemployment rates in October point to some interesting after-effects of the spill. The economic boost that most other regions experienced in October could be due to spill workers returning home to their local economies to spend their summer wages. Indications are that the retail centers of the state, particularly Anchorage, are experiencing an unseasonably high amount of retail activity. (see Table 2.)

While October's unseasonal retail activity is most easily explained by oil spill workers returning home, there could be other explanations for it as well. Among the possible causes are: the beginning of spending created by the Permanent Fund Dividend distribution and a generally better economic outlook among Alaskan consumers.

Anchorage's retail sector is not the only industry in Alaska's largest city manifesting signs of resurgence. Every industry except banking posted more employment in October of this year than last. As the Gulf Coast region falls back in terms of employment growth, Anchorage is asserting itself as one of the faster growing regions in the state. The question in the back of most everyone's mind is how long this growth might be sustained-certainly growth will continue through the end of the year, but sustained growth at the current 4%+ rate would be highly optimistic. The most prudent posture for next year at this point in time would be wait and see.

Northern Alaska Growth Fueled by Mining, Construction

While Anchorage is experiencing broad based industry employment growth, the other regional growth leader-Northern Alaska - is reaping the employment benefits of the Red Dog mine. In October the Red Dog project was in the final construction phase prior to production. Employment constructing the mill, campsite and a conveyor system numbered more than 700. In addition more than 100 miners were working at the site. The construction portion of the project is scheduled for completion by the end of the year, but at that time the mine should start approaching peak employment.

Southeast & Southwest Alaska Continue Steady Growth

Despite a somewhat sluggish seafood processing and timber industry, Southeast Alaska continues to post steady employment growth. Southeast has been buoyed by the resurgent mining industry and healthy growth in the retail trade and services sectors. While the manufacturing industry has been struggling in Southeast, Southwest Alaska owes a good portion of its growth to bottomfish activity. There are indications though that the bottomfish industry is slowing down from the double-digit growth rate it experienced the last several years. Reports of a shrinking resource are raising concerns about the future of the bottomfishery. Just recently the North Pacific Fisheries Management Council voted to ban roe stripping in the area. If this move is approved by the U.S. Department of Commerce it would put an end to the practice of discarding millions of pounds of edible fish while keeping only their eggs.

Fairbanks and Interior Growing Also...Just Not As Fast

Just like the rest of the state, Interior Alaska is posting job gains, just not to the extent that the rest of the state is. The reason for Interior lagging behind is the lack of a single strong performing industry that is present in every other region. Employment is up across the board in Fairbanks and Interior, but there isn't a Red Dog mine project or a booming bottomfishery to add to the employment growth.

Summary: Demobilization Causes Some Downturns, But Growth Remains

October's employment and unemployment figures exhibited some negative effects from the demobilization of the oil spill workers. Unemployment rates in the Gulf Coast region increased dramatically and more than 2,700 jobs were lost on the oil spill work force alone. Other areas of the state though, particularly Anchorage, showed some unseasonably strong retail activity, which could be attributed to the spending of oil spill wages, the Permanent Fund Dividend and a generally better economic outlook. Not all of the current growth is the result of the oil spill. Alaska is posting healthy growth rates in every region of the state in comparison to last year.

About the Author:

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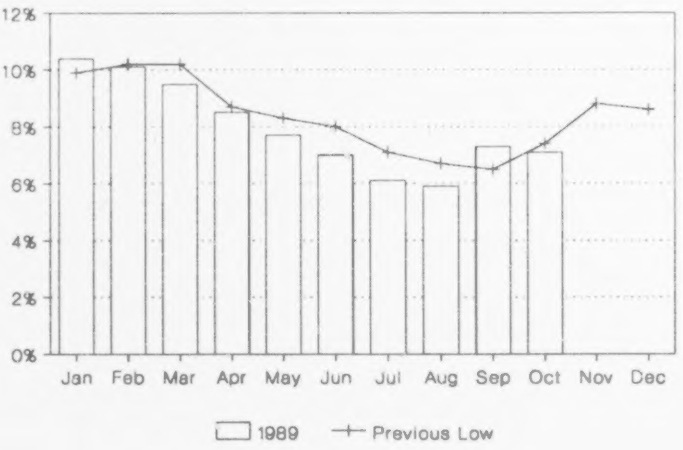
Figure 1

1989 Unemployment Rate Setting Records



Source: Alaska Department of Labor, Research & Analysis.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 10/89	r/ 9/89	10/88	p/ 10/89	r/ 9/89	10/88	p/ 10/89	r/ 9/89	10/88	p/ 10/89	r/ 9/89	10/88
Alaska Statewide	236,728	242,019	241,047	16,852	17,567	20,630	7.1%	7.3%	8.6%	219,876	224,452	220,417
Anch.-MatSu Region	123,556	122,056	125,432	7,763	8,331	9,854	6.3	6.8	7.9	115,793	113,725	115,578
Anchorage Borough	109,258	107,666	111,362	5,962	6,476	7,889	5.5	6.0	7.1	103,296	101,190	103,473
MatSu Borough	14,298	14,390	14,070	1,801	1,855	1,965	12.6	12.9	14.0	12,497	12,535	12,105
Gulf Coast Region	25,305	29,099	25,470	2,589	2,142	2,826	10.2	7.4	11.1	22,716	26,957	22,644
Kenai Peninsula Borough	15,797	18,056	16,108	1,833	1,485	2,188	11.6	8.2	13.6	13,964	16,571	13,920
Kodiak Island Borough	5,665	6,671	5,481	428	456	260	7.6	6.8	4.7	5,237	6,215	5,221
Valdez-Cordova	3,843	4,372	3,881	328	201	378	8.5	4.6	9.7	3,515	4,171	3,503
Interior Region	33,870	34,898	35,543	2,942	3,151	4,160	8.7	9.0	11.7	30,928	31,747	31,383
Fairbanks North Star Bor.	29,187	30,161	30,487	2,403	2,668	3,308	8.2	8.8	10.9	26,784	27,493	27,179
Southeast Fairbanks	1,935	1,952	2,079	192	163	311	9.9	8.4	15.0	1,743	1,789	1,768
Yukon-Koyukuk	2,748	2,785	2,977	347	320	541	12.6	11.5	18.2	2,401	2,465	2,436
Northern Region	8,227	8,177	8,110	579	751	613	7.0	9.2	7.6	7,648	7,426	7,497
Nome	3,067	3,088	3,072	216	320	277	7.0	10.4	9.0	2,851	2,768	2,795
North Slope Borough	2,986	2,951	2,913	132	180	116	4.4	6.1	4.0	2,854	2,771	2,797
Northwest Arctic Borough	2,174	2,138	2,125	231	251	220	10.6	11.7	10.4	1,943	1,887	1,905
Southeast Region	34,041	35,502	34,668	2,383	2,374	2,465	7.0	6.7	7.1	31,658	33,128	32,203
Haines Borough	850	876	846	74	64	57	8.7	7.3	6.7	776	812	789
Juneau Borough	15,326	16,168	15,594	862	1,031	880	5.6	6.4	5.6	14,464	15,137	14,714
Ketchikan Gateway Bor.	6,267	6,485	6,440	470	419	543	7.5	6.5	8.4	5,797	6,066	5,897
Pr. of Wales-Outer Ketch.	2,624	2,699	2,705	281	247	322	10.7	9.2	11.9	2,343	2,452	2,383
Sitka Borough	3,990	4,181	4,096	205	221	246	5.1	5.3	6.0	3,785	3,960	3,850
Skagway-Yakutat-Angoon	1,590	1,585	1,644	186	116	216	11.7	7.3	13.1	1,404	1,469	1,428
Wrangell-Petersburg	3,394	3,508	3,343	305	276	201	9.0	7.9	6.0	3,089	3,232	3,142
Southwest Region	11,729	12,287	11,824	596	818	712	5.1	6.7	6.0	11,133	11,469	11,112
Aleutian Islands	3,[illegible]4	3,362	3,274	52	74	88	1.6	2.2	2.7	3,192	3,288	3,186
Bethel	4,462	4,738	4,497	272	422	315	6.1	8.9	7.0	4,190	4,316	4,182
Bristol Bay Borough	434	445	445	21	19	33	4.8	4.3	7.4	413	426	412
Dillingham	2,113	2,176	2,129	123	126	143	5.8	5.8	6.7	1,990	2,050	1,986
Wade Hampton	1,476	1,566	1,479	128	177	133	8.7	11.3	9.0	1,348	1,389	1,346

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

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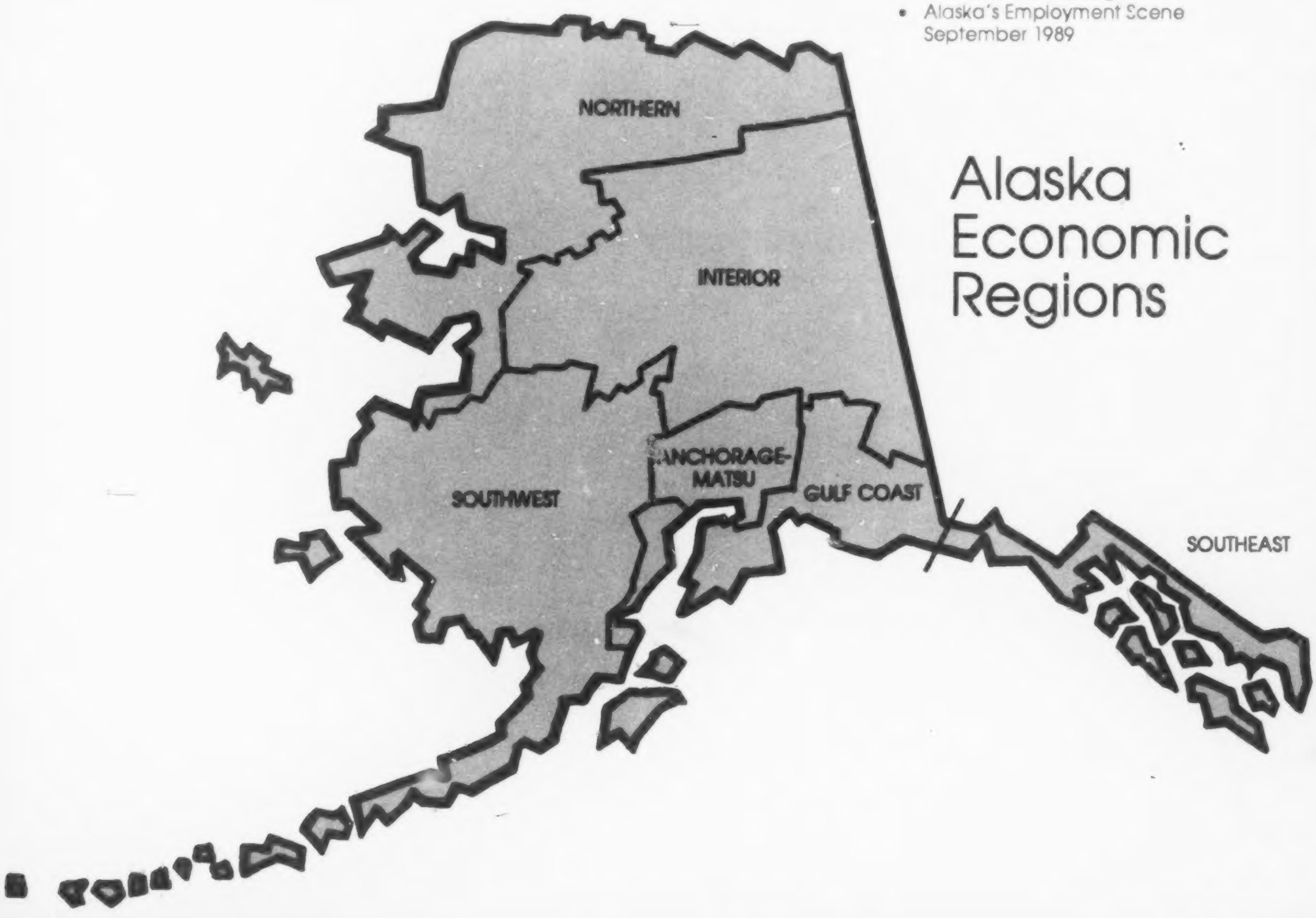

Alaska Economic Regions

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The data in Figure 9 (page 9) is for Self-Employment
and the data for Figure 10 are for Total-Employment

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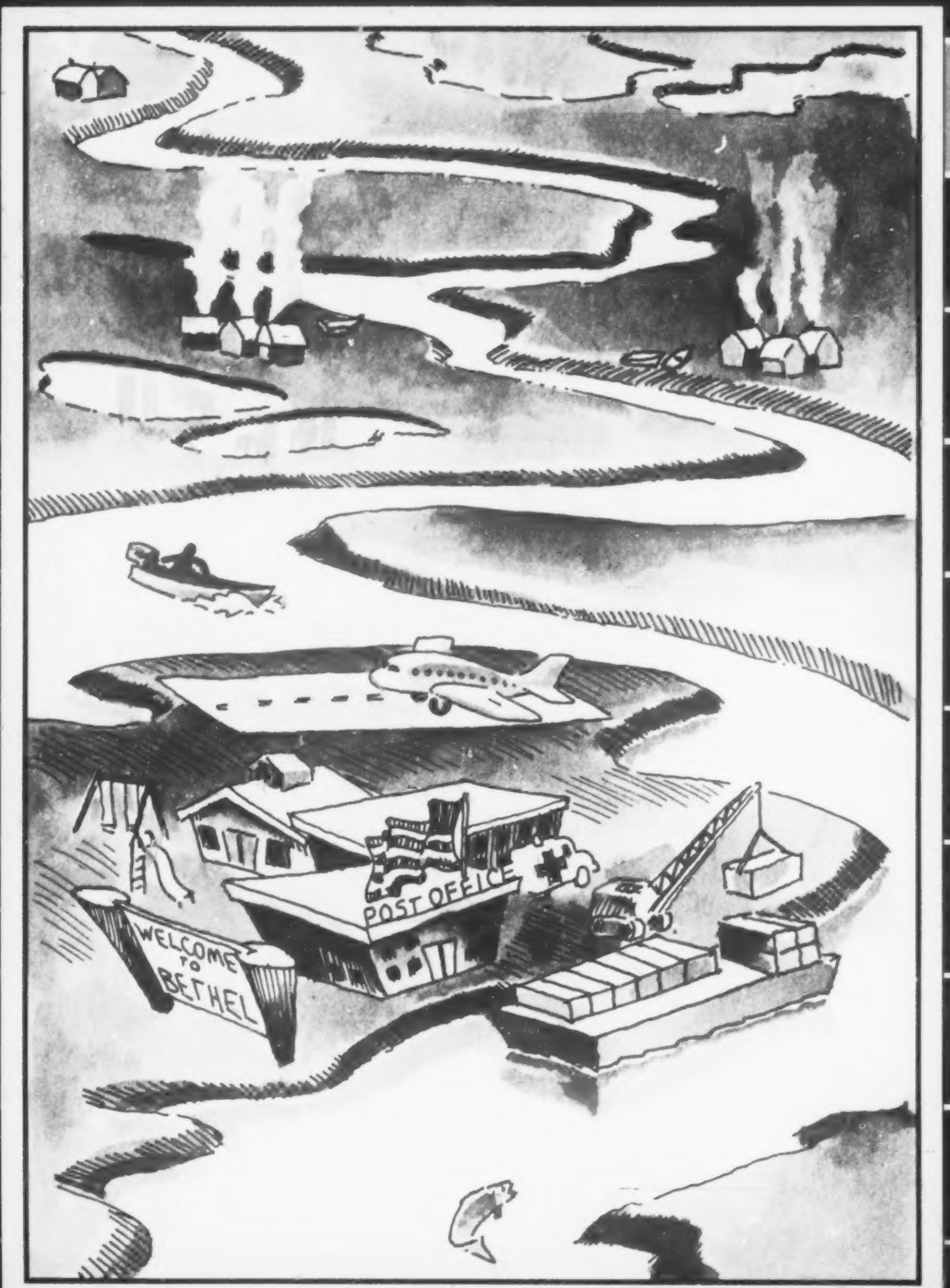
ALASKA ECONOMIC TRENDS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WELCOME TO BETHEL

February 1990

Bethel— Hub of S.W. Alaska

Alaska's Discouraged Workers

Economic Indicators Moving in Different Directions

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC

TRENDS

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February 1990
Volume 10
Number 2

Alaska
Employment Service

JOB SERVICE

UNEMPLOYMENT INSURANCE

maintaining the foundation of economic security

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1990 CENSUS

ALASKANS COUNT

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Bethel – The Economic Center of Southwestern Alaska

by Holly Stinson

> "In Bethel, subsistence meets the cash economy. People whose parents grew up living off the land, who still get quite a bit of their annual supply of groceries hunting and fishing, meet people who invented the stock market, the supermarket and the balloon mortgage payment."
>
> -Mary Lenz in *Bethel, The First 100 Years.*

Bethel is the largest town in Southwestern Alaska and serves as a regional hub for more than 50 villages. In Bethel, Yup'ik Eskimos have lived side by side with white Americans since Moravian missionaries founded the town in 1885. Located across the Kuskokwim River from an Eskimo trading post, the missionaries soon found themselves operating a trading post in order to obtain necessities for living. Today Bethel continues the tradition of serving as the region's main trading point.

Bethel serves as a regional hub for more than 50 villages

Bethel is the Largest of Alaska's Rural Communities

Who lives in Bethel today? The Alaska Department of Labor's 1988 estimate for Bethel's total population is 4,390 — making it the largest of the off-the-highway, rural communities. Since 1980, Bethel's population has grown 22%. According to the 1980 census, two-thirds of the town's residents are Alaska Natives. In the surrounding area, Alaska Natives make up a higher percentage of the population--84%.

This article focuses on the city of Bethel. However, many statistics are either not reliable or not available for just the city of Bethel. Therefore, reference is also made to the Bethel census area (which includes the city of Aniak and 34 villages) and the Wade Hampton census area which is just north of Bethel. These two census areas make up the Lower Yukon-Kuskokwim Delta region. Bethel is the transportation, education and services center for the entire Delta region.

Kuskokwim River Key to Bethel's Development

The key to Bethel's development as a regional center is its location on the Kuskokwim River. Bethel's port is the only one in the area — indeed, the only river port in Alaska — capable of receiving oceangoing barges. Because of the high cost of air freight, almost all supplies for Bethel and the outlying villages come by water through the port. Bethel's port provides jobs handling and distributing over 12,000 tons of freight annually. A separate petroleum port handles almost 12 million gallons of heating oil and transportation fuels annually.

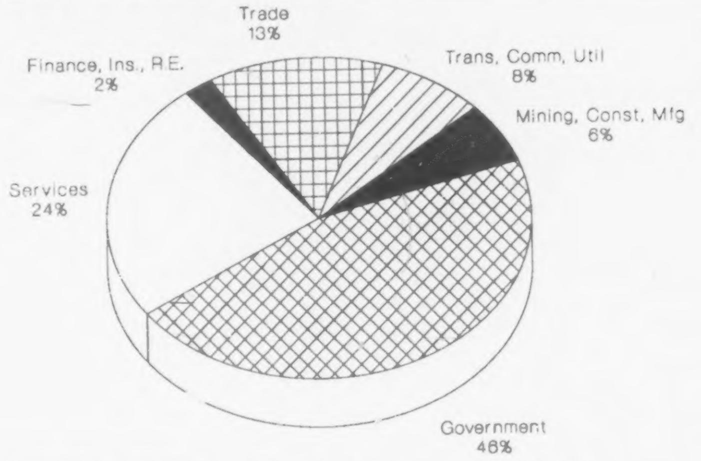
But Bethel's pride as a port city is also its plague. Riverbank erosion, caused mainly by thawing permafrost, has claimed several acres of waterfront property in Bethel. Gone is the original air strip, territorial school, cemetery, and Moravian mission. Attempts to mitigate the erosion with seawalls have met with mixed success. This past summer $800,000 in emergency federal funds were devoted to adding rock along the seawall, and more is needed.

Airport is 5th Busiest in State

Water transportation, once Bethel's main link to the rest of the world, has been joined in importance by air transportation. Bethel's airport is now the fifth busiest in the state. Takeoffs and landings at Bethel's airport are outnumbered by Merrill Field and the International Airport in Anchorage, and the Fairbanks and Juneau airports. Even though Bethel is the region's transportation hub, this industry only accounts for 8% of the town's jobs.

Figure 1

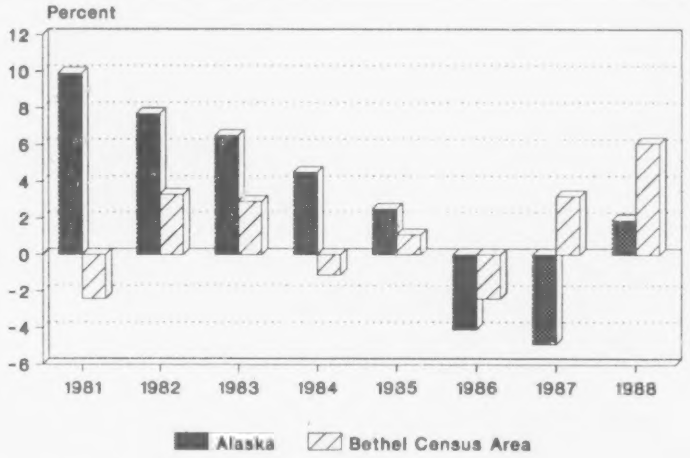
City of Bethel
Employment by Industry* 1988



* Adjusted for school and health care jobs known to be outside Bethel.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Percent Change in Employment
Alaska & Bethel Census Area



Source: Alaska Department of Labor, Research & Analysis Section.

Bethel's Economy Differs from Urban Parts of State

Just two industry sectors — services and government — account for a whopping 70% of wage and salary employment in the city of Bethel. (See Figure 1.) These two sectors paid 78.6% of the Bethel census area's $87.7 million payroll in 1988. Because so many jobs are with government, and because government jobs tend to be year-round, Bethel's economy doesn't experience the seasonal swings in employment that other areas do.

And because Bethel's economy relies so heavily on government employment, it did not experience as severe a boom and bust in the 1980s as the rest of the state — especially urban areas. (See Figure 2.) Bethel actually lost jobs during two of the years when the state was growing, and then gained jobs in 1987 when overall employment in Alaska was shrinking. Government and services (which includes many firms operating on government funds) are the sectors which account for these movements.

Bethel's employment picture differs from other areas in another aspect. In four out of the last five years, jobs reached their peak in the fourth quarter of the year. Urban areas, and many other rural areas, reach a peak during the late summer months (third quarter). Bethel's employment peaks in the October-November-December period because school enrollment is at its highest, boosting local and state education jobs. Retail trade employment is also at a high level then.

Government Jobs Close to Half of Total Employment

Government employment is 46% of all wage and salary jobs in the city of Bethel. (See Figure 1.) Looking at the census area as a whole, government employment accounts for an even larger slice of the pie — 54% of the jobs are with federal, state, or local government. (See Table 1.) This share has held constant for the past five years. The one sector of government absent from Bethel, which is prominent in other parts of the state, is the military.

Bethel's local city government employs 125 people. In addition to the usual city services, Bethel's authorities also run some functions not provided by private enterprise. These include the local laundromat and a bowling alley.

Almost 1,000 additional local government jobs are with the Lower Kuskokwim School District. However, this number is misleading as the district encompasses 21 villages in addition to Bethel. According to the district's payroll department, about 30% of the employees, or 300 people, work in Bethel. The rest of the teachers, administrators, and support staff work in the outlying villages.

There are probably other agencies reporting employment in Bethel which is actually in the villages. For example, state and federal agencies report over 500 employees in Bethel; some of these jobs are likely in the outlying area.

About 100 of the state government jobs are with the local branch of the University of Alaska, the Kuskokwim Campus. Until 1980 when village high schools were built, Bethel was the place to go in the region for a high school education. Although no longer dominant in secondary education, Bethel remains a magnet for college students in the area.

Native Corporations Play An Important Role in Local Economy

Government funds also flow into Bethel through the Native Corporations. The regional Native nonprofit corporation, Association of Village Council Presidents (AVCP), is headquartered in Bethel. During the fiscal year ending 9/30/89, AVCP dispensed approximately $6 million in grants and contracts to deliver housing, social and health services throughout the region.

Table 1

Bethel Census Area Wage & Salary Employment – 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Nonag. Wage & Salary	3,555	3,467	3,583	3,958	3,912	3,958	3,862	3,986	4,231
Mining	*	*	*	*	*	*	*	*	*
Construction	132	171	143	155	129	135	77	14	31
Manufacturing	56	69	13	66	84	82	125	213	185
Transportation	227	229	234	242	255	218	191	223	231
Trade	391	367	390	402	385	388	411	403	391
Finance, Ins. & R.E.	117	129	152	179	173	167	195	180	191
Services	996	745	659	727	736	740	713	744	877
Government	1,580	1,707	1,879	2,107	2,113	2,165	2,101	2,165	2,304
Federal	444	427	401	448	430	349	291	300	290
State	189	218	241	260	243	266	266	252	277
Local	948	1,062	1,237	1,399	1,440	1,551	1,544	1,614	1,736
Miscellaneous	*	*	*	*	*	*	*	*	*

* Nondisclosable

Subtotals may not add to totals due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section.

Almost 80% of AVCP's annual budget is federally-funded, coming from the Bureau of Indian Affairs, Department of Health and Human Services, and Department of Labor. The Department of Housing & Urban Development also funds programs through the AVCP Housing Authority.

Many Alaska Natives in Bethel are shareholders in the Bethel Native Corporation (BNC), a village corporation created by the Alaska Native Claims Settlement Act of 1971 (ANCSA). They have invested heavily in Bethel, building a large office complex, a fish processing plant (which is leased by a private firm), apartments and a housing subdivision. The corporation has paid a dividend to its shareholders in each of the last three years, injecting cash into Bethel's economy. The dividend is small, but it has increased 10% each year.

Unlike BNC, the regional ANCSA-created corporation, Calista, does not have a physical presence in Bethel. Most of Calista's investments are outside the Bethel area. It leads all other Alaska Native regional corporations in enrollment with 15,788 members, and covers the Bethel and Wade Hampton census areas.

Health Care is Big Business in Bethel

Bethel is the center of a health care network responsible for almost 20,000 people in an area comparable in size to the state of Utah. One out of every six salaried jobs in the city of Bethel is in this field. The federal Indian Health Service funds the Yukon-Kuskokwim Delta Regional Hospital, the only one in the region.

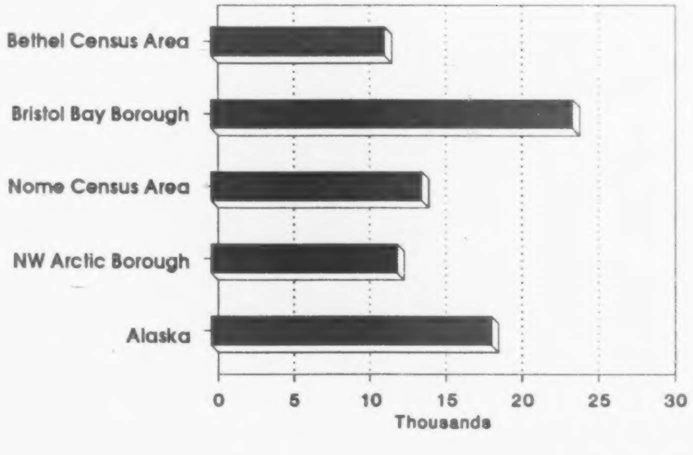
In addition, the Yukon-Kuskokwim Health Corporation, funded with federal and state money, operates the medical records department and some of the hospital's laboratories. The Y-K Health Corp. also offers dental and mental health services, several training programs and the village health aide program. Their various programs employ about 200 people in Bethel, with another 175 spread throughout the villages.

Kuskokwim's Salmon Harvest Important Locally

After covering Bethel's jobs in the government and services sectors, what's left? Fur trading has faded from importance, but another early economic activity, salmon fishing, continues to bolster Bethel's economy. The value of the Kuskokwim River's commercial salmon harvest contributes only 1-2% to the statewide salmon value. But locally the industry employs many fishermen (162 Kuskokwim salmon permits were issued to Bethel residents in 1989). Processing those salmon creates up to 300 jobs during the peak summer months. And a fish tax brings money into the city coffers.

Figure 3

Per Capita Income 1987



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Last summer's season got off to a slow start when many fishermen went on strike for higher salmon prices. (Overall prices were 1/2 to 1/3 lower than 1988's record-setting prices.) The value of this year's Kuskokwim commercial salmon harvest was pegged at $5.2 million. While this is less than half 1988's record value of over $12 million, 1988's prices were unusually high. For comparison, the value of the catch in 1987 was $6.4 million.

Perhaps just as important as the commercial salmon harvest to many Bethel residents is the subsistence salmon harvest. Most Bethel residents work for wages, but many of those who work for cash also count on subsistence food to sustain them both physically and spiritually. A 1980 survey found that 70% of Bethel households participated in at least one type of subsistence activity (fishing, hunting, or gathering).

Tourism Is a Small Slice of Bethel's Economic Pie

Tourism makes headlines, and money, for many of the state's regions. For the most part, tourism has bypassed Bethel. The main drawing card, the 20-million acre Yukon Delta Wildlife Refuge, only attracts a couple hundred serious bird-watchers each year. But efforts are being made to increase tourism. The refuge is building a museum and bookstore at its headquarters in Bethel, and a small tour operator began one-day city tours last summer. Other tours — to Nome, Kotzebue and Barrow — have proven popular, and Bethel hopes to grab its share of the market.

Unemployment High, Income Low

Not everyone who wants to work can find a job in Bethel. The unemployment rate for the Bethel census area has been slightly below the statewide average. However, these unemployment rates are misleading. Not counted as unemployed are people who have not sought work during the past four weeks. Rural localities probably have proportionately more of these discouraged workers. Discouraged workers are those willing to work who have not sought work because of their knowledge that few (or no) job opportunities exist locally. (See article on Alaska's discouraged workers below.)

Although Bethel's economy includes many well-paying jobs, the high incidence of unemployment along with the lower-paying jobs contribute to make the Bethel census area's per capita income lower than the state average. (See Figure 3.) In fact, the only region with a lower per capita income is the neighboring Wade Hampton census area.

Also lagging is the average monthly wage for the Bethel census area. The annual average monthly wage is about three-fourths of the statewide average, and follows the per capita income pattern as being the second lowest in the state. But many Bethel residents receive support which is not taken into account in statistics. Subsistence hunting and fishing, trapping and handicrafts all contribute to residents' personal economies.

Bethel — The Hub of Southwest Alaska

Bethel is the largest town in Southwestern Alaska and the most populated of Alaska's off-the-road, rural communities. Its location on the Kuskokwim River has meant growth as a transportation center. In turn, Bethel has become the distribution center for education, health care, and other services for the Lower Yukon-Kuskokwim Delta region.

Employment in the government and services sectors accounts for close to half of all jobs in the area, and keeps the economy from experiencing large seasonal swings in employment.

For more than a century Bethel has played an important role as a hub for villages throughout Southwestern Alaska.

About the author:

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Alaska's Discouraged Workers — Out of Work & Out of the Labor Force

By Brian N. Rae

The official definition of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Economy watchers have several yardsticks with which to measure the health of an area's economy. The Alaska Department of Labor's Research and Analysis Unit is responsible for preparing several of the indicators of economic health, including labor force and unemployment data.

The caveat at the beginning of this article is published in each issue of *Alaska Economic Trends*, in the Labor Force by Region and Census Area table. (See page

16 of this issue.) The determination of who is employed and unemployed is strictly defined by the U.S. Bureau of Labor Statistics.

For example, a person is considered employed if they are at least 16 years old and worked at least one hour for pay or profit or at least fifteen unpaid hours in a family business during the week which includes the 12th of the month. Also included as employed are those persons on vacation, or absent from work because of illness, personal reasons, labor disputes, or inclement weather. This definition, although not perfect, does not present a problem for most economy watchers.

Official Unemployment Numbers Exclude Discouraged Workers

The definition of the unemployed, however, is more restrictive and excludes some persons who would accept a job. To be considered unemployed, a person must have been available to work and must have actively sought work at some time during the last four weeks, or the person must be waiting to be recalled or will report to a new job within 30 days. The requirement that a person actively seek work excludes many Alaskans from being counted among the officially unemployed.

Those persons who could, and would, take a job if one were available but have not actively sought employment (and therefore are not officially unemployed) are called discouraged workers. Counting discouraged workers would not be a problem if discouraged workers were distributed proportionately throughout the country, across all areas and throughout all age and races. If this were the case, the unemployment rates, while not giving the actual percentage of persons out of work, still could be used to compare the economic health of different areas or the same area over time. However, discouraged workers are not equally represented in all regions, age and race groups.

The Current Population Survey: A Source for Discouraged Worker Data

The most readily available source of information on discouraged workers is the Current Population Survey (CPS). The U.S. Bureau of the Census conducts this survey monthly throughout the country. At the request of the Alaska Department of Labor, the U.S. Bureau of Labor Statistics provided CPS survey responses for 1985 through 1988. On average, 1,600 Alaskans over the age of 15 answered the CPS survey each month during these years. The questions which identify discouraged workers were asked of only one-quarter of these survey respondents in any given month, or about 400 persons.

Before analyzing the data on discouraged workers available from the CPS, the reader needs to be aware of some of its limitations. The small survey size leaves some large margins for error in the monthly data. By combining several years worth of data, certain results of our tabulations are significant. Still, the results published in this article should not be taken as absolute numbers. They only indicate the severity of the problem and demonstrate how different populations are affected. Also, some of the labor force and unemployment numbers will differ from those published in other issues of *Alaska Economic Trends*. Many reasons account for this, and ***these numbers do not replace any number previously released by the Alaska Department of Labor.***

There are shortcomings inherent in the CPS data. The CPS only identifies a respondent's race as 'white', 'black' or 'other'. Because blacks make up such a small percentage of Alaska's population, computing the number of black discouraged workers is statistically meaningless since the potential error is larger than the total number of discouraged workers. For this reason, blacks and others were combined. This allows comparisons between whites and nonwhites.

Table 1

CPS Computed Population and Labor Force Data 1985-1988 Average[1]

	16+ Years Population	Labor Force	Employed	Unemployed	Unemployment Rate	16 Years and Over Who Want a Job	Discouraged Workers	Unemployment Rate w/ Discouraged Workers
White Male	134,800	114,800	103,700	11,100	9.7%	2,900	1,000	10.4%
White Female	135,500	90,600	83,700	6,900	7.6	5,700	900	8.5
White Total[2]	270,300	205,300	187,400	18,000	8.8	8,600	1,900	9.6
Nonwhite Male	36,500	25,100	20,000	5,100	20.3	5,500	4,400	32.3
Nonwhite Female	41,100	23,100	19,500	3,600	15.6	3,800	1,700	21.4
Nonwhite Total[2]	77,700	48,200	39,500	8,700	18.0	9,300	6.100	27.3
Total[2]	347,900	253,500	226,900	26,700	10.5	17,900	8,000	13.3

[1] The numbers in this table DO NOT REPLACE any previously released by the Alaska Department of Labor Research and Analysis Unit or the U.S. Department of Labor, Bureau of Labor Statistics.

[2] Totals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis As Extracted from U.S. Dept. of Labor- Current Population Survey

The CPS data available to the Alaska Department of Labor does not indicate where a person is living. Because of this, there was no way to prove that rural areas have a higher percentage of discouraged workers than urban areas. However, the results **imply** that rural areas have a higher percentage of discouraged workers than urban areas.

1985 to 1988: An Official Unemployment Rate of 10.5%

Table 1 shows the results obtained from combining CPS data for 1985 through 1988 (48 individual months worth of data). During the four-year period, the CPS data shows an unemployment rate averaging 10.5% for the entire population. Of the averaged labor force of 253,500 people (the sum of the employed and unemployed), 26,700 were unemployed. Unemployment was not distributed equally between the two racial groups. While whites averaged an 8.8% unemployment rate, nonwhites had a rate more than double this level at 18%.

Male Unemployment Rate Higher than Female

It is also interesting to note that, in the two racial groups, males had significantly higher rates of unemployment than did females. Males often hold jobs in the more seasonal industries in Alaska, such as construction, logging, and oil and gas. Another reason for a lower female unemployment rate might be household responsibilities and child care, two reasons which exclude a person from being considered unemployed. The CPS data show that for those persons who wanted a job, a much larger percentage of females said they could not look for one because of child care or household responsibilities than did males.

17,900 "Out of Labor Force" Wanted A Job...

Other interesting results are found as we turn our attention to those persons outside the officially defined labor force. While there were 26,700 persons who were officially unemployed, an additional 17,900 persons said they wanted a job. For this latter group, further questions determined if they were a discouraged worker.

Table 2

Percentage of Discouraged Workers By Reasons for not Looking for Work By Racial Group 1/

	No Work Available	Can't Find Work	Lacked Education	Felt Too Young or Too Old	Handi-capped
Nonwhite Female	75.1%	15.7%	3.2%	5.7%	5.2%
White Female	68.6	16.4	9.1	3.2	9.0
Nonwhite Male	93.8	7.0	3.3	5.0	2.9
Nonwhite Female	89.5	8.3	7.2	11.3	2.3
Total Population	87.7%	9.4%	4.8%	6.2%	3.8%

1/ The numbers in this table DO NOT REPLACE any previously released by the Research and Analysis Unit or the U.S. Department of Labor, Bureau of Labor Statistics.

Respondents could select multiple reasons for not looking, so rows will not add to 100%.

Source: Alaska Department of Labor, Research and Analysis
As Extracted from U.S. Dept. of Labor- Current Population Survey

If a person was in school, had family responsibilities, was ill, or could not find child care, then the person was considered unable to take a job and not a discouraged worker. To be considered discouraged the person had to have not looked for work for one of the following reasons: they felt there was no work available; they felt they could not find work; they felt they lacked education; they felt they were too young or old; or they felt they were too handicapped to hold a job.

...8,000 of which are Discouraged Workers

These criteria for being considered a discouraged worker are important. They separate those people who want a job but, due to personal circumstances, could not take one from those who could take a job. Looking at Table 1, of the 17,900 persons who wanted a job, 8,000 met the criteria for discouraged workers. This is over 8% of the population 16 years of age and over who are not considered to be in the labor force. The Bureau of Labor Statistics reports that, for the U.S. as a whole, less than 2% of those persons not in the labor force are considered discouraged workers.

The Biggest Reason for Discouraged Workers? No Work Is Available

Table 2 shows the reasons these 8,000 discouraged workers did not actively seek employment. The vast majority indicated there was no work available. The nonwhite population saw this as a problem slightly more often than the white population. Whites were twice as likely to say they could not find work as were nonwhites, but this reason was used much less often than the unavailability of work. The remaining reasons, because of the small sample size, are probably statistically insignificant.

Males and Nonwhites– A Large Number of the Discouraged

The 8,000 discouraged workers, like the unemployed, were not distributed evenly among the race and sex groups. Nonwhites, who made up only 22% of the 16 years and older population, accounted for over three-quarters of all discouraged workers. Males were much more likely to be discouraged than females. Finally, for those persons who were not officially unemployed but wanted a job, a higher percentage of nonwhites met the definition for discouraged workers than did whites. Of the 8,600 whites who wanted a job, only 22% were considered discouraged workers. This compares to nearly two-thirds of the nonwhites who said they wanted a job.

The differences in the proportions of discouraged workers for the two racial groups might be explained in several ways. Unfortunately, the CPS data does not provide answers to the question of why certain groups have a high incidence of being discouraged workers. By combining CPS data with other available information, however, there is a strong implication that a high number of discouraged workers are located in rural areas of the state.

Given that nonwhite populations have a much higher ratio of discouraged workers to those persons who want jobs, and that rural areas have a higher percentage of nonwhites in the population, it seems reasonable to assume that discouraged workers make up a larger share of the total population in rural areas than in urban areas. Also, a large share of discouraged workers stated there was no work available. This implies a knowledge about local labor demand, which is easier to acquire in smaller rural labor markets than in larger urban centers.

Although the current system of computing unemployment rates is the best available, the official definitions undercount the total number of people available for work. If the above assumptions are correct, this undercount is worse for rural (that is, nonwhite) areas than for more urban (and white) areas of Alaska.

Including Discouraged Workers Boosts Statewide Unemployment Rate for Period to 13.3%

If discouraged workers were included in the unemployment picture, unemployment rates would change significantly. Referring again to Table 1, nonwhite unemployment which averaged 18% between 1985 and 1988 would increase to 27.3%, while white unemployment would increase from 8.8 to 9.6%. Total statewide unemployment, a determinant in the amount of Federal funding the state receives, would have increased from 10.5% to 13.3%.

Table 3 shows how Alaska's labor market would have been affected for each of the four years studied. 1985 and 1988 are somewhat similar in nature. Both were periods of economic growth, and both had lower numbers of discouraged workers than the other two years. Also, the ratio of discouraged workers to those persons who said they wanted a job were lower in 1985 and 1988 than in 1986 and 1987. During the periods of economic growth, slightly less than 40% of those who wanted a job were discouraged. In 1986 and 1987, one-half of those wanting jobs were discouraged.

Unemployment rates would have also increased by different, but substantial, amounts each year. The largest difference would have occurred in 1987 (the deepest point of Alaska's recession), with the 11.2% annual rate increasing to 14.4%. The smallest difference, during 1985 at 1.9%, still means the CPS unemployment rate understated the discouraged worker augmented unemployment rate by nearly 20% (12.3% compared to 10.4%).

Table 3

CPS Computed Labor Force Data 1985-1988 1/

	Labor Force	Unemployed	Unemployment Rate	16 Yrs. & Over Who Want A Job	Discouraged Workers	Unemployment Rate with Discouraged Workers
1985	252,000	26,300	10.4%	14,700	5,300	12.3%
1986	263,400	28,500	10.8	16,800	9,100	13.8
1987	255,900	28,700	11.2	19,100	9,500	14.4
1988	242,900	23,200	9.6	17,700	7,000	12.1

1/ The numbers in this table DO NOT REPLACE any previously released by the Research and Analysis Unit or the U.S. Department of Labor, Bureau of Labor Statistics.

Source: Alaska Department of Labor, Research and Analysis
As Extracted from U.S. Dept. of Labor- Current Population Survey

CPS Data Shows Problem with Rural Alaska Unemployment Rates

Analysis of the CPS data tends to substantiate many economists' beliefs regarding the problem of discouraged workers in the state. The problem is worse in Alaska than in the U.S. as a whole. Although many whites can be considered discouraged workers, the problem is more severe in Alaska's nonwhite population. The data does not allow a comparison between urban and rural areas, but many of the results point to the problem being worse in rural Alaska. If discouraged workers do make up a larger portion of the rural population, then Alaska's unemployment rates understate the problem of joblessness, especially in Alaska's rural areas.

About the author:

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Economic Indicators Moving in Different Directions — Most of Them Good

By Brian N. Rae

November's overall employment scene seemed to have the direction right, with employment slightly down compared to October, slightly up compared to November of last year. While most industries followed this pattern, the unemployment rate did not behave quite as expected.

First, the unemployment rate. November is normally a transition month, with unemployment on its seasonal increase. Towards the end of the month, hiring begins for the holiday rush, stopping or sometimes reversing the unemployment rate increases of the past several months. This November did not follow these normal trends. Preliminary estimates show the unemployment rate declined for the second month in a row, with a rate of 6.9% for November.(See Table 4.)

Only the Gulf Coast region posted an increase, but this rise was much less than the September to October rise. Most of the increase occurred in Kodiak, and appears to be associated more with the lack of pollock and other bottomfish than with the demobilization of the Exxon Valdez cleanup crews. In fact, the Kenai Peninsula Borough's and Valdez-Cordova's rates were still below those of a year ago, while Kodiak's was more than two and a half times higher than last year's rate. Determining the impact of the oil spill cleanup on the Gulf Coast region's, and the state's, unemployment picture will be difficult. However, the fact that every region of the state posted an unemployment rate below last year's indicates that the oil spill was not the only reason the unemployment rate for November is the lowest it has been for that month since before 1976.

Anchorage Continuing a Strong Recovery

All regions of the state saw similar employment patterns during November — down over the month but up over the year. The Anchorage/MatSu region lost the smallest share of jobs over the month, dropping less than 2%.(See Table 2.) Both the wholesale and retail trade sectors were unseasonably strong, losing less than 1% while finance, insurance and real estate (F.I.R.E.) actually posted a very slight increase. An informal survey of Anchorage area retailers showed most having years as good as or better than 1988. The strength of trade and F.I.R.E. helped offset the normal decreases in the construction, transportation and manufacturing industries, which although down for the month posted healthy over the year gains. November's F.I.R.E. employment was still below levels of a year ago, but this was the only industry in the region not showing an increase over last year.

One large employer in the region suspended its operations during November, laying off over 150 employees. Valdez Creek Mining curtailed its gold mining operations, noting that the current weak world market for gold made continued operation unprofitable. At first there were rumors that the company would reopen if gold hit $400 per ounce. However, during December a representative of one of the mine's owners said the mine might reopen in April barring

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	 11/88
Nonag. Wage & Salary	215,900	222,800	209,000	-6,900	6,900
Mining	10,400	10,800	9,500	-400	900
Construction	8,500	10,500	7,900	-2,000	600
Manufacturing	11,700	13,500	11,900	-1,800	-200
Seafood Processing	4,500	6,100	4,600	-1,600	-100
Lumber & Paper Products	3,800	3,900	4,000	-100	-200
All Other Manufacturing	3,400	3,500	3,300	-100	100
Trans., Comm. & Utilities	17,600	18,400	16,700	-800	900
Trucking & Warehousing	2,200	2,200	2,100	0	100
Water Transportation	1,400	1,800	1,000	-400	400
Air Transportation	5,700	5,700	5,300	0	400
Communications	3,100	3,200	3,200	-100	-100
All Other Transportation	5,200	5,500	5,100	-300	100
Trade	43,400	44,100	41,900	-700	1,500
Wholesale	7,700	7,800	7,500	-100	200
Retail	35,700	36,300	34,400	-600	1,300
Gen. Merch. & Apparel	5,800	5,500	5,300	300	500
Food Stores	6,300	6,500	6,000	-200	300
Eating & Drinking Places	12,300	13,100	12,200	-800	100
All Other Retail	11,300	11,200	10,900	100	400
Finance, Ins. & Real Estate	10,500	10,500	10,500	0	0
Services	43,600	44,200	42,200	-600	1,400
Hotels & Other Lodging	4,300	4,600	4,000	-300	300
Government	70,200	70,800	68,400	-600	1,800
Federal	17,900	18,000	17,800	-100	100
State	21,400	21,700	20,400	-300	1,000
Local	30,900	31,100	30,200	-200	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

unforeseen problems. While most everyone agrees this region was the one hardest hit by the recession, it now seems to be posting steady gains and is increasing its share of total state employment over its year ago share. (See Figure 1).

Gulf Coast Growth Slows Due to Bottomfish Closures

The Gulf Coast region nearly matched the statewide employment growth rate over the year, with a 3.5% increase. The gains would have been even larger had it not been for a large over the year drop in seafood processing employment. As processors predicted early in 1989, the targeting of pollock by several factory trawlers and the fishery's subsequent early closure caused the premature shutdown of many shore based plants. Reduced processing of king crab also held down the November employment figures. While statewide seafood processing employment is down about 3% over the year, the Gulf Coast region is down over 13% or about 250 jobs. If seafood processing employment had been the same as year ago levels, the Gulf Coast region would have posted over the year growth of nearly 5%. Like several other regions in the state, one big project continues to provide an economic stimulus to the economy. Work is still progressing on the Bradley Lake project. Since the project is over a year old, its effects on employment are not as noticeable in the over the year employment data. However, approximately 200 workers continue to be employed at Bradley Lake building the facility's powerhouse and transmission line.

Southeast and Interior Posting Slower but Steady Growth

The two industries which helped buoy the Southeast region in 1988 seem to have leveled off in 1989. Seafood processing employment took its usual decline between October and November, dropping by over one-third. Even with this loss, employment matched that of a year ago. The timber industry posted only a slight loss over the month, but employment remains several percentage points below year ago levels. This is not an indication that 1989 has been a bad year for the industry, but points out what an exceptional year 1988 was. In addition, it was unlikely that timber employment would post large employment gains given uncertainty about future Tongass legislation and concerns that world pulp markets, though still healthy, will soften somewhat in the future. The mining, transportation and service industries continue to post notable

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/	r/		Changes from:	
	11/89	10/89	11/88	10/89	11/88
Nonag. Wage & Salary	104,450	106,250	100,150	-1,800	4,300
Mining	3,650	3,650	3,500	0	150
Construction	3,950	4,850	3,550	-900	400
Manufacturing	2,200	2,400	2,050	-200	150
Trans., Comm. & Utilities	9,900	10,100	9,050	-200	850
Trucking & Warehousing	1,450	1,500	1,450	-50	0
Water Transportation	700	800	350	-100	350
Air Transportation	3,500	3,450	3,250	50	250
Communications	1,850	1,850	1,750	0	100
All Other Transportation	2,400	2,500	2,250	-100	150
Trade	25,850	26,000	24,550	-150	1,300
Wholesale	5,900	5,950	5,800	-50	100
Retail	19,950	20,050	18,750	-100	1,200
Gen. Merch. & Apparel	2,900	2,800	2,700	100	200
Food Stores	3,100	3,100	2,800	0	300
Eating & Drinking Places	7,550	7,800	7,450	-250	100
All Other Retail	6,400	6,350	5,800	50	600
Finance, Ins. & Real Estate	7,000	6,950	7,150	50	-150
Services	25,600	26,050	24,200	-450	1,400
Government	26,300	26,250	26,100	50	200
Federal	10,150	10,100	10,300	50	-150
State	7,700	7,700	7,350	0	350
Local	8,450	8,450	8,450	0	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	11/89	10/89	11/88	10/89	11/88
Nonag. Wage & Salary	25,800	26,650	25,200	-850	600
Mining	100	150	100	-50	0
Construction	1,350	1,800	1,350	-450	0
Manufacturing	600	650	550	-50	50
Trans., Comm. & Utilities	1,800	1,950	1,800	-150	0
Trucking & Warehousing	400	400	400	0	0
Air Transportation	350	350	300	0	50
All Other Transportation	1,050	1,200	1,100	-150	-50
Trade	5,650	5,750	5,500	-100	150
Wholesale	700	750	700	-50	0
Retail	4,950	5,000	4,800	-50	150
Food Stores	800	850	800	-50	0
All Other Retail	4,150	4,150	4,000	0	150
Finance, Ins. & Real Estate	800	800	750	0	50
Services	5,650	5,650	5,500	0	150
Government	9,850	9,900	9,650	-50	200
Federal	2,800	2,800	2,750	0	50
State	4,300	4,300	4,200	0	100
Local	2,750	2,800	2,700	-50	50

Anchorage-MatSu Region

	p/	r/		Changes from:	
	11/89	10/89	11/88	10/89	11/88
Nonag. Wage & Salary	110,900	113,100	106,600	-2,200	4,300
Mining	3,650	3,650	3,500	0	150
Construction	4,150	5,100	3,800	-950	350
Manufacturing	2,300	2,550	2,200	-250	100
Trans., Comm. & Utilities	10,500	10,800	9,750	-300	750
Trade	27,400	27,650	26,100	-250	1,300
Finance, Ins. & Real Estate	7,400	7,350	7,500	50	-100
Services	26,800	27,300	25,200	-500	1,600
Government	28,700	28,700	28,550	0	150

Interior Region

	p/	r/		Changes from:	
	11/89	10/89	11/88	10/89	11/88
Nonag. Wage & Salary	29,550	30,600	28,700	-1,050	850
Mining	150	300	250	-150	-100
Construction	1,450	1,900	1,450	-450	0
Manufacturing	600	650	550	-50	50
Trans., Comm. & Utilities	2,100	2,300	2,050	-200	50
Trade	6,050	6,100	5,850	-50	200
Finance, Ins. & Real Estate	850	900	800	-50	50
Services	6,150	6,200	5,950	-50	200
Government	12,200	12,250	11,800	-50	400

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 13)

Table 2 *(cont. from page 12)*

Nonagricultural Wage and Salary Employment
By Place of Work

Southeast Region

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	31,150	32,250	30,250	-1,100	900
Mining	300	300	200	0	100
Construction	1,050	1,300	1,150	-250	-100
Manufacturing	4,500	4,950	4,700	-450	-200
Seafood Processing	650	1,000	600	-350	50
Lumber & Paper Prod.	3,600	3,700	3,800	-100	-200
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,300	2,350	2,200	-50	100
Trade	5,000	5,050	4,800	-50	200
Wholesale	550	500	450	50	100
Retail	4,450	4,550	4,350	-100	100
Finance, Ins. & Real Estate	1,050	1,050	1,000	0	50
Services	4,950	5,050	4,650	-100	300
Government	12,000	12,200	11,550	-200	450
Federal	2,050	2,100	2,000	-50	50
State	5,450	5,550	5,200	-100	250
Local	4,500	4,550	4,350	-50	150

Southwest Region

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	12,750	13,600	12,050	-850	700
Seafood Processing	2,000	2,400	1,650	-400	350
All Other Private	4,300	4,650	4,150	-350	150
Government	6,450	6,550	6,250	-100	200
Federal	1,300	1,300	1,300	0	0
State	550	550	550	0	0
Local	4,600	4,700	4,400	-100	200

Gulf Coast Region

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	19,200	20,650	18,500	-1,450	700
Mining	850	850	800	0	50
Construction	850	1,050	850	-200	0
Manufacturing	2,300	2,900	2,450	-600	-150
Seafood Processing	1,550	2,150	1,800	-600	-250
All Other Manufacturing	750	750	650	0	100
Trans., Comm. & Utilities	1,450	1,650	1,400	-200	50
Trade	3,700	3,850	3,550	-150	150
Wholesale	500	550	450	-50	50
Retail	3,200	3,300	3,100	-100	100
Finance, Ins. & Real Estate	500	550	550	-50	-50
Services	3,400	3,550	3,200	-150	200
Government	6,150	6,250	5,700	-100	450
Federal	600	600	550	0	50
State	2,000	2,100	1,800	-100	200
Local	3,550	3,550	3,350	0	200

Northern Region

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	14,350	14,750	13,350	-400	1,000
Mining	5,450	5,650	4,900	-200	550
All Other Private	4,100	4,250	3,900	-150	200
Government	4,800	4,850	4,550	-50	250
Federal	400	400	350	0	50
State	350	350	350	0	0
Local	4,050	4,100	3,850	-50	200

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

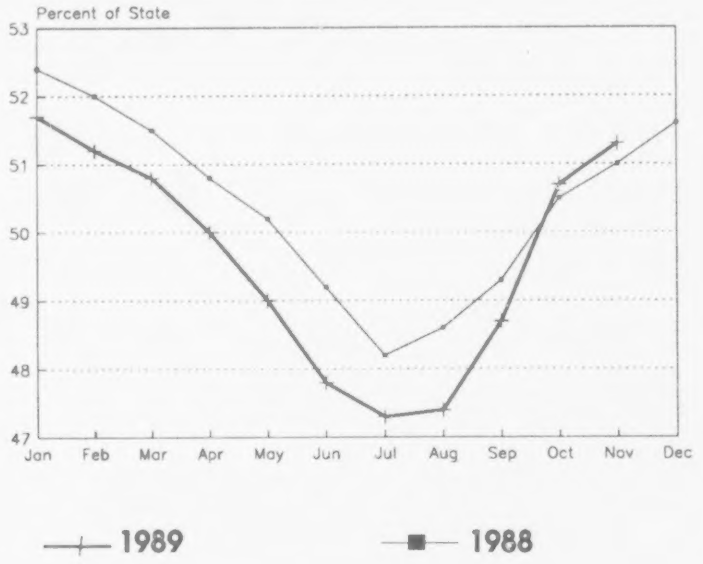
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988   p/ denotes preliminary estimates   r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Figure 1

Anchorage Employment As A Percentage of State Employment



Source: Alaska Department of Labor,Research & Analysis Section.

gains over the year, but the strength of the region's economy in 1988 gives the Southeast region the second lowest growth rate over the year at 2.9%.

Interior Alaska had the dubious honor as the region with the lowest over the year growth, at 2.7%. On a more positive note for the region, trade, services and government employment were all up over the year and only slightly down over the month.

Northern Region the Leader In Employment Growth

The state's Northern region had the greatest over the year gains, up nearly 8%. While oil extraction employment contributed the greatest number of jobs for the year, a major catalyst in the expansion was the Red Dog Mine project. As the major construction phase winds down, the number of miners employed is increasing. Increases in local government employment, mainly in education, helped boost employment by more than 1,000 compared to November 1988.

In the Southwest region seafood processing remains healthy, up 20% compared to year ago levels. As expected, employment in the industry is down over the month, accounting for nearly one-half of the 900 lost jobs. Most of the remaining decline came from the construction industry and government employment. Because of the seasonal nature of jobs in the region, over the month employment declined by over 6%. Still, the region posted about the same level of gains for the year, which translates into an additional 700 jobs in the region.

November Posts Seasonal Downturn But Shows A Growing Economy

November's employment, in terms of the number of jobs, followed expected trends. While levels were below those of last month in all industries, the state's economic strength kept them above levels of a year ago. The unemployment rate continues to be the

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88
Mining	$1,043.84	$1,039.90	$1,091.39	46.6	46.8	48.1	$22.40	$22.22	$22.69
Construction	1,067.72	1,096.91	876.63	44.9	45.8	37.9	23.78	23.95	23.13
Manufacturing	571.61	568.23	604.24	40.8	40.3	45.5	14.01	14.10	13.28
Seafood Processing	376.66	329.78	422.18	41.3	36.4	50.5	9.12	9.06	8.36
Lumber & Paper Prod.	754.11	784.48	706.20	44.1	46.2	42.8	17.10	16.98	16.50
Trans., Comm. & Utilities	599.26	647.18	570.38	36.1	38.8	36.1	16.60	16.68	15.80
Trade	380.59	395.72	372.90	33.8	34.5	33.0	11.26	11.47	11.30
Wholesale	533.02	546.06	523.11	38.1	38.7	38.1	13.99	14.11	13.73
Retail	331.78	347.27	324.05	32.4	33.2	31.4	10.24	10.46	10.32
Finance-Ins. & R.E.	402.05	407.00	398.93	34.9	36.7	33.3	11.52	11.09	11.98

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

lowest since before 1976 (the last year comparable numbers are available), and actually dropped slightly from the October rate. Much of this decline in the unemployment rate seems to be linked to the strength of the trade and services industries.

About the author:

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Table 4

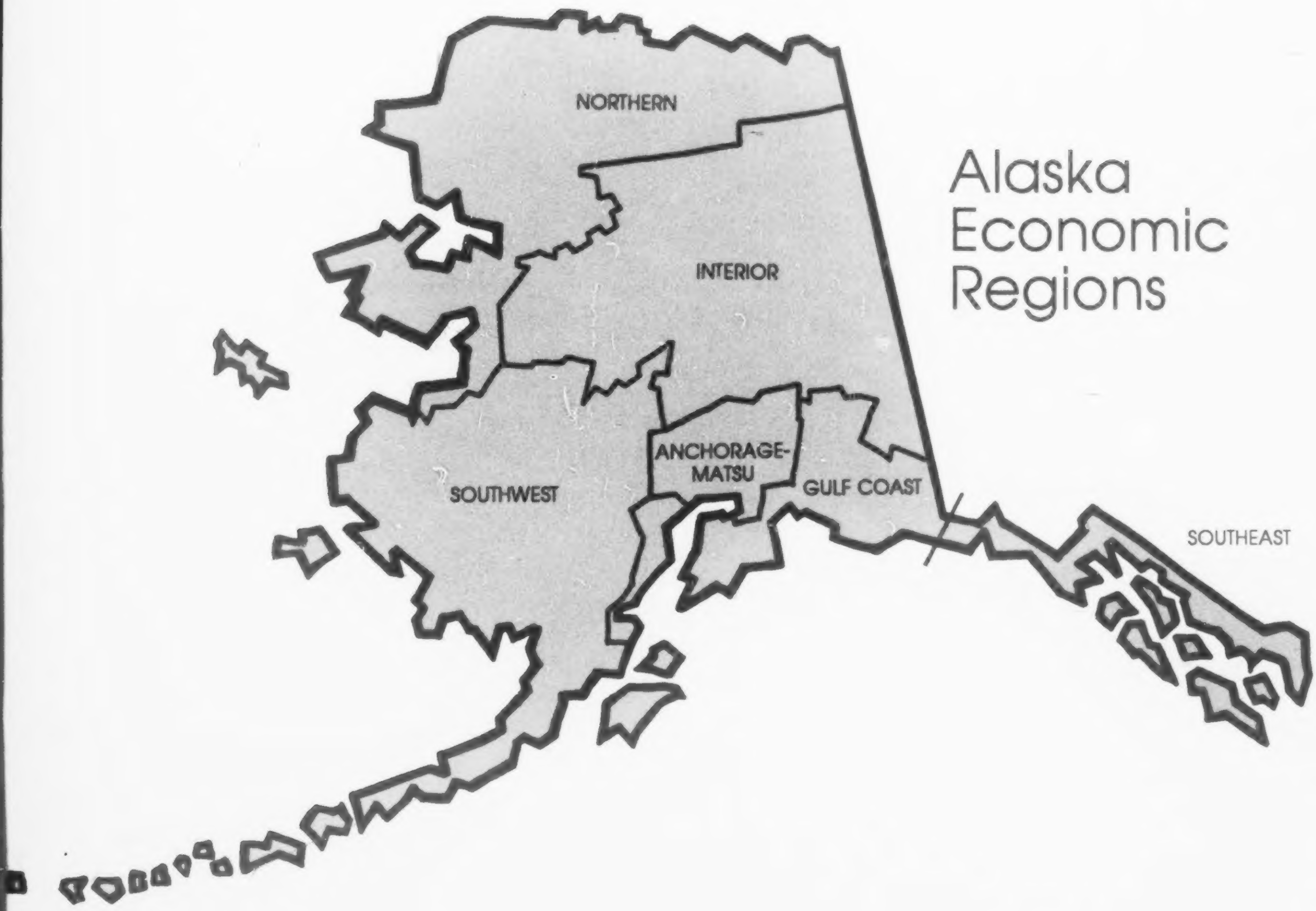
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88
Alaska Statewide	237,617	236,791	240,703	16,408	16,855	22,011	6.9%	7.1%	9.1%	221,209	219,936	218,692
Anch.-MatSu Region	125,028	123,410	126,419	7,397	7,764	10,403	5.9	6.3	8.2	117,631	115,646	116,016
Anchorage Borough	110,984	109,348	111,942	5,573	5,965	8,141	5.0	5.5	7.3	105,411	103,383	103,801
MatSu Borough	14,044	14,062	14,477	1,824	1,799	2,262	13.0	12.8	15.6	12,220	12,263	12,215
Gulf Coast Region	24,979	25,549	25,037	2,736	2,592	2,949	11.0	10.1	11.8	22,243	22,957	22,088
Kenai Peninsula Borough	15,489	15,947	15,936	1,816	1,835	2,358	11.7	11.5	14.8	13,673	14,112	13,578
Kodiak Island Borough	5,719	5,722	5,311	591	429	219	10.3	7.5	4.1	5,128	5,293	5,092
Valdez-Cordova	3,771	3,880	3,790	329	328	372	8.7	8.5	9.8	3,442	3,552	3,418
Interior Region	33,875	33,844	35,530	2,934	2,942	4,628	8.7	8.7	13.0	30,941	30,902	30,902
Fairbanks North Star Bor.	29,147	29,165	30,497	2,351	2,403	3,735	8.1	8.2	12.2	26,796	26,762	26,762
Southeast Fairbanks	1,951	1,933	2,049	208	192	308	10.7	9.9	15.0	1,743	1,741	1,741
Yukon-Koyukuk	2,777	2,746	2,984	375	347	585	13.5	12.6	19.6	2,402	2,399	2,399
Northern Region	8,394	8,273	8,188	548	580	663	6.5	7.0	8.1	7,846	7,693	7,525
Nome	3,152	3,086	3,090	226	217	285	7.2	7.0	9.2	2,926	2,869	2,805
North Slope Borough	3,046	3,002	2,951	119	132	143	3.9	4.4	4.8	2,927	2,870	2,808
Northwest Arctic Borough	2,196	2,185	2,147	203	231	235	9.2	10.6	10.9	1,993	1,954	1,912
Southeast Region	33,846	33,918	34,267	2,266	2,380	2,766	6.7	7.0	8.1	31,580	31,538	31,501
Haines Borough	837	847	855	63	74	83	7.5	8.7	9.7	774	773	772
Juneau Borough	15,165	15,271	15,307	734	860	913	4.8	5.6	6.0	14,431	14,411	14,394
Ketchikan Gateway Bor.	6,195	6,245	6,326	413	470	558	6.7	7.5	8.8	5,782	5,775	5,768
Pr. of Wales-Outer Ketch.	2,581	2,614	2,669	244	280	338	9.5	10.7	12.7	2,337	2,334	2,331
Sitka Borough	4,073	3,975	4,052	298	205	286	7.3	5.2	7.1	3,775	3,770	3,766
Skagway-Yakutat-Angoon	1,597	1,584	1,650	197	186	253	12.3	11.7	15.3	1,400	1,398	1,397
Wrangell-Petersburg	3,398	3,382	3,408	317	305	335	9.3	9.0	9.8	3,081	3,077	3,073
Southwest Region	11,495	11,797	11,262	527	597	602	4.6	5.1	5.3	10,968	11,200	10,660
Aleutian Islands	3,209	3,263	3,136	65	52	80	2.0	1.6	2.6	3,144	3,211	3,056
Bethel	4,335	4,488	4,284	208	273	272	4.8	6.1	6.3	4,127	4,215	4,012
Bristol Bay Borough	425	437	431	18	21	36	4.2	4.8	8.4	407	416	395
Dillingham	2,084	2,125	2,003	123	123	97	5.9	5.8	4.8	1,961	2,002	1,906
Wade Hampton	1,442	1,484	1,408	113	128	117	7.8	8.6	8.3	1,329	1,356	1,291

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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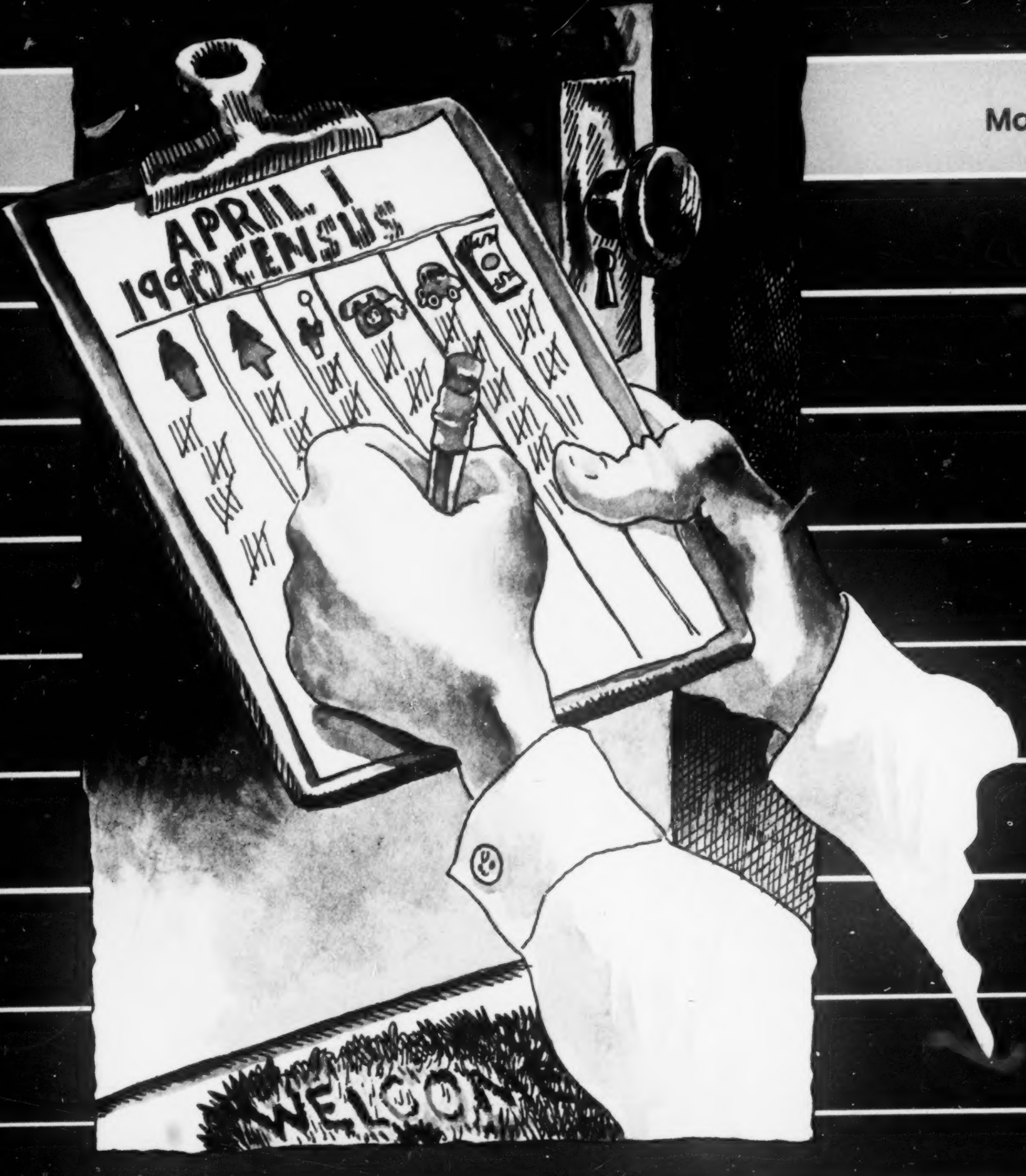
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UNEMPLOYMENT INSURANCE
maintaining the foundation of economic security

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Cover design by Jim Fowler

MADE IN ALASKA

The 1990 Census- It's Here!

by Kathryn Lizik

The 1990 Census, the 21st in our nation's history, will be larger and more complex than any of the previous 20. Required by the Constitution, the census has been a part of American life since the administration of President George Washington. The 21st census will take a snapshot of America's estimated 250 million people and is the single most comprehensive source of information about who we are, where we are, and how we live.

The 1990 Census will be Alaska's 13th. Alaska was not enumerated prior to 1867, the year it was purchased from Russia.

About the author:

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Congressional Apportionment- Mandate for a Decennial Census

Article 1, Section 2, of the United States Constitution mandates a census every ten years to apportion elected representatives among the states. The Census Bureau both conducts the census and calculates the apportionment based on the census results. Apportionment determines how many congressional representatives each state gets, and occurs after each census. Due to Alaska's small population size, our congressional representation will not change with this census.

Alaska's Election Districts to be Redrawn Following the Census

While there will be no change in Alaska's national representation following the census, local politics will be reshaped. Alaska will redefine its legislative districts in 1991 based on the new population figures from the 1990 Census. This process is called redistricting. Redistricting determines the boundaries of the congressional and legislative districts for the state. To facilitate redistricting, the Census Bureau is required by law to submit the state's population totals to Alaska's governor no later than April 1, 1991.

Alaska's Constitution outlines the state's redistricting process. It requires the establishment of a governor-appointed reapportionment board, and delineates the time lines by which the redistricting must be completed.

Census Bureau will Employ Alaskans for The Big Count

The Census Bureau opened a Census District Office in Anchorage over a year

1990 CENSUS

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(907) 271-4275

For further assistance on census recruiting, please contact any Alaska Employment Service Office or:

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ago to begin preparing for the 1990 Census in Alaska. The office staff spent months interviewing and compiling lists of eligible people across the state who will be hired on as census team leaders, crew leaders and enumerators. This census will emphasize the use of locally selected census takers for each community. Alaska Employment Service offices have been helping by advertising the temporary positions and referring interested job seekers to the Anchorage office. There will continue to be a need for qualified workers throughout the census operation. It is anticipated that at the height of enumeration, during March and April of 1990, over 1,250 Alaskans will be working for the Census Bureau.

Two income determination waivers were enacted during 1989 to help expand the eligible pool of applicants for temporary census work. The first, based on federal legislation, will allow postal, military, and federal retirees to accept temporary census jobs without loss of retirement pay or benefits. The second is a waiver requested by the Alaska Department of Health and Social Services from the U.S. Department of Health and Human Services. It allows recipients of Aid to Families with Dependent Children (AFDC) to engage in temporary census work without having their income eligibility or benefits altered. Both will provide temporary job opportunities to individuals who might not otherwise participate due to income considerations.

First Enumeration Begins in Mid-February

While Census Day is officially April 1, 1990, Alaska will be the first state to have its people enumerated. Remote areas of Alaska, grouped into four regional "waves", will begin the operation in mid-February. Census takers, going door to door, will fill out the forms with each household. The early enumeration is necessary to avoid the difficulties caused by "breakup". To reach most of the outlying areas, small planes, boats, snowmobiles, four-wheel drive vehicles, and dog sleds will be used.

The 1990 Census of Alaska's boroughs and cities will more closely match the census operation in the remainder of the U.S. Inhabitants of these areas will receive census questionnaires in the mail the last week of March. For Anchorage and Fairbanks City households, the Census Bureau is requesting the completed questionnaire be mailed back as close to Census Day as possible. In the other cities, census enumerators will collect the questionnaires by going door to door the first week of April. Households that do not respond will be visited by follow-up workers later in April, May and June.

Special Place Group Quarters Will Also Be Enumerated

Not all of Alaska's population resides in housing units. There is an assortment of group quarters structures which offer room and board to both institutional and noninstitutional occupants. Each of these group quarters locations have been identified through the help of local governments. Special census enumerators with Individual Census Reports (ICRs) will visit these locations and administer the census.

Both land-based military personnel and the crews of military vessels will be enumerated with the assistance of the Department of Defense and the Coast Guard. People in on-base housing units will be enumerated by mail or the personal interview procedure. For the crews of military vessels, a project officer will distribute and collect the shipboard census reports.

Offshore and land-based fish processing operations, penal institutions, timber harvesting camps, campgrounds, dormitories, harbors, hospitals, and senior citizen homes are all examples of sites which will participate in the special place enumeration.

A Special Night to Count the Nation's Homeless

Successful enumeration of Alaska's growing homeless population will be a major challenge of the census taking process. To do this, the Census Bureau has identified a one-night operation called "Shelter and Street Night Enumeration" for March 20, 1990. During this special evening of enumeration, census takers will visit homeless shelters and other places not intended for habitation in order to get a count of Alaska's homeless population. Lists of emergency shelter and other locations where homeless persons tend to stay or congregate at night were earlier provided to the Census Bureau by the state's major cities.

Basic Form Will Ask 14 Questions

All households will answer 14 basic questions on the "short" form that can be filled out in a few minutes. The form asks about race, Hispanic origin, age, sex, marital status, whether you rent or own your residence, and the number of rooms.

About one out of six households in the larger cities and one out of two in cities with populations less than 2,500 and all Alaska Native Villages will receive a longer form. Referred to as the sample questionnaire, the longer form asks an additional 45 questions about ancestry, education, income, disability, labor force participation, type of housing, utilities. It should take 45 minutes to an hour to fill out.

Census officials spent years debating what questions to ask in this census. The final version is the result of considering government agency needs, repeating as many questions as possible to maintain consistent statistics, and limiting the number of questions so as not to burden households with excessive paperwork. The process required close scrutiny and approval by Congress of both the questionnaire's general topics and specific questions.

Some of the questions on the 1990 form are new, others questions were changed or expanded. In some cases questions that appeared in 1980 were dropped from the questionnaires. The new questions will seek information on condominium and mobile home fees, home equity loans, pension income, physical disabilities and cohabiting couples.

Your Answers are Confidential

The census questionnaire does not ask for an individual's Social Security number. The only reason names and addresses are asked is to make sure no one is missed or counted more than once.

Census Bureau employees take an oath to keep individual answers to the questionnaire confidential. An employee breaking this confidence is subject to severe penalties up to $5,000 in fines and five years imprisonment. Furthermore, Title 13 of the U.S. Code prevents any agency — Immigration, the FBI, the IRS, the courts, the military, or welfare agencies — from getting any specific information about any person from a census form. Only census answers go into computer records. Names and addresses are not part of the computer file. In fact, personal information from the 1990 Census will be locked up for 72 years until the year 2062.

What Happens to Your Answers?

Once the Census Bureau has collected all the completed forms either by mail or census takers, the answers from the questionnaire are then combined to produce statistical totals for various geographic areas. It is these combined numbers, not personal answers, that are published and put to thousands of uses.

Not Being Counted Can Cost You Money

For a number of reasons, about 3.5% of Alaska's population was not counted in the last census. An undercount contributes to flawed decisions, a loss of revenue and lower funding for community programs. Over the years, hundreds of federal programs have been developed that disperse money and projects on the basis of census statistics. Welfare programs and highway funds, job training and mass transit projects, education and urban renewal all depend on the census for raw data. Often, those who could benefit most are those who are shortchanged when there's an undercount.

Census Bureau Conducting Programs to Battle Undercount & Promote Accuracy

To counteract the conditions which often contribute to an undercount, the Census Bureau has developed programs to promote the 1990 Census as well as review its accuracy. Much of this improvement is being linked to a greater involvement by local communities. These programs include:

The Census Education Project – Promotes awareness by providing elementary and secondary educators with teaching materials that will expose students and their families to the importance of the census.

Complete Count Program – Local communities and officials across the state have been invited by the Census Bureau to publicize the importance of the 1990 Census and encourage cooperation with answering the census questionnaire.

The Local Review Program – Will improve the census through local government review of their preliminary housing unit counts and group quarters populations. Most of Alaska's major cities will complete their review during the fall of 1990. Rural places will conduct their local review immediately following the completion of the census in their area during February and March.

The Boundary and Annexation Survey – Collected legal boundary information from Alaska's incorporated places during 1989. Accurate census information for Alaskan cities is highly dependent on correct city and borough boundaries. Local governments were asked to review computer generated Census Bureau maps and certify that the boundaries reflected the cities' legal corporate limits.

The Census Awareness and Products Program – Employed specific strategies to reduce past undercounts of hard-to-enumerate populations. Community awareness specialists have been bringing the bureau's Alaska Native Village Liaison Program to 218 native communities scattered throughout the state.

TIGER- Integrating Census Data with Computer Mapping

The 1990 Census will be technologically advanced over 1980 due to the creation of TIGER. Topologically Integrated Geographic Encoding and Referencing, TIGER is a digital street map of the country. The TIGER will be the system responsible for producing the computer generated maps for the census enumeration process. In 1980 the enumeration maps were hand drawn.

But TIGER will provide more than just enumerator maps. Since it contains data for political and statistical boundaries, features such as roads, rivers, railroads, and feature names and geographic codes, TIGER will be the backbone of countless operations. The TIGER database in conjunction with a geographic information system (GIS) will be able to produce geographic and thematic maps at any scale. It will allow the integration of census population and social characteristics data with any geographic or statistical area in the file. And it will allow the countless redistricting scenarios necessary for compiling a successful redistricting operation.

Data Products will be Released As they Become Available

Due to the discontinuation of preliminary releases coupled with improved technological processing, basic population and housing information (100% data) should be available six months earlier than it was after the 1980 Census. Sample data will follow in early 1992. Sample data will include tables on such topics as education, disability, ability to speak English, labor force status, income, value or rent of the housing unit, and other detailed characteristics.

Traditionally, census information has been released in three forms: publications, computer tapes, and microfiche. Two new forms are expected for 1990, compact laser disks and, to a lesser degree, on-line information systems. The Alaska State Data Center will be the initial recipient of all census data as it is released, and will be reformatting much of the computer tape information into easier to use reports, both in paper or on diskette.

Table 1

Kenai Peninsula Borough Employment by Industry 1987-1989

	1987 Annual Average	1988 Annual Average	Percent Change 1987-1988	6 Month Average 1988	6 Month Average 1989	Percent Change 1988-1989
Nonag. Wage & Salary	10,806	11,090	2.6%	10,160	12,420	22.2%
Mining	758	839	10.7	808	788	-2.5
Construction	642	619	-3.6	478	753	57.5
Manufacturing	1,320	1,486	12.6	1,064	1,430	34.4
Food & Kindred Products	783	948	21.1	536	777	45.0
Trans., Comm. & Utilities	569	622	9.3	579	1,154	99.3
Trade	2,264	2,179	-3.8	2,137	2,205	3.2
Wholesale	372	397	6.7	385	378	-1.8
Retail	1,892	1,783	-5.8	1,752	1,827	4.3
Finance, Ins. & Real Estate	299	257	-14.0	251	262	4.4
Services & Misc.	2,003	2,069	3.3	1,870	2,406	28.7
Government	2,951	3,019	2.3	2,973	3,422	15.1
Federal	216	248	14.8	224	249	11.2
State	787	912	15.9	831	1,013	21.9
Local	1,948	1,859	-4.6	1,918	2,160	12.6

Source: Alaska Department of Labor, Research & Analysis

Table 2

Kenai Peninsula Borough Taxable Sales Figures 1987-1989

	1987 Annual Sales (millions)	1988 Annual Sales (millions)	Percent Change 1987-88	9 Mo. Avg. '88 (millions)	9 Mo. Avg. '89 (millions)	Percent Change 1988-89
Borough	$328.3	$342.6	4.4%	$265.3	$300.1	13.1%
Kenai	68.8	74.7	8.7	56.2	58.2	3.5
Soldotna	80.0	81.4	1.7	62.2	66.0	6.0
Homer	53.8	54.7	1.6	43.7	53.7	22.8
Seward	27.3	30.0	9.6	24.1	31.9	32.4
Balance	98.3	101.7	3.6	78.9	90.3	14.4

Source: Kenai Peninsula Borough; total may not add due to rounding.

added another catcher/processor to its fleet of two boats in 1989. As a result of these expansions and healthy harvests fish processing employment on the Peninsula grew 21% in 1988 and 45% during the first half of 1989. (See Table 1 and Figure 4.)

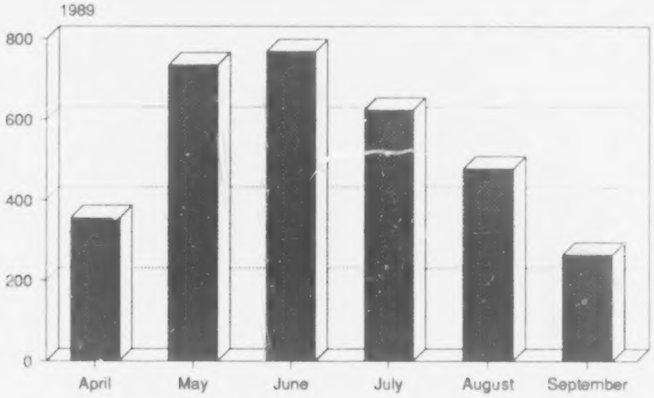
The Peninsula's Oil Industry Makes a Comeback

By 1988 the Peninsula's oil industry rebounded from its low of 758 jobs in 1987. Additional activity on the North Slope and an increase in exploration activity on the Peninsula is responsible for this recovery.

Presently there is concern regarding the fate of the Drift River oil storage facility on the west side of Cook Inlet. Oil production of ten offshore oil platforms was temporarily interrupted because of the volcanic eruption of Mt. Redoubt. The oil from these ten platforms is stored at the facility before it is shipped out by oil tankers. If the facility were shut down for an extended length of time it could affect the

Figure 2

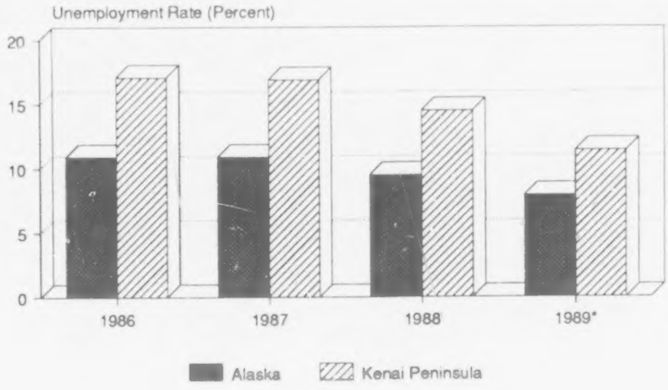
Oil Spill Workers On the Kenai Peninsula*



*VECO & Norcon workers
Source: VECO Inc.

Figure 3

**Unemployment Rates 1986-1989
Alaska & Kenai Peninsula**



Source: Alaska Department of Labor, Research & Analysis

employment of more than 500 workers in the Peninsula's oil industry. Oil production has resumed and its future will be determined by volcanic activity.

Employment in the refining/manufacturing side of the oil and gas industry has remained stable the past two years. This sector was one of the Peninsula's early international exporters and is the state's only oil and gas exporter to date. Exports include urea and ammonia (used for fertilizer), liquified natural gas (LNG), and refined petroleum products. In the short-term, employment in this industry is expected to remain stable. Recently Tesoro announced they were going to build a new multi-million dollar dock at their refinery site. There is a possibility that additional exports may occur in the future. Korean interests are presently considering importing LNG from the Kenai Peninsula.

Tourism Remains Healthy

The oil spill initially sent a wave of apprehension through the Peninsula's tourist industry. However, as the season got underway most concerns evaporated as operators began enjoying another strong visitor season.

Although Alaska Department of Labor figures do not include a tourism category, it appears the Peninsula's tourist industry has remained healthy. Employment in the service industry is one of the major beneficiaries of tourism, and jobs in this industry grew substantially during 1989. Other statistics such as visits to the Kenai Fjords National Park and dollars collected in sales taxes appear to corroborate these findings. (See Figure 1 and Table 2.) Because a majority of the Peninsula's visitors come from Anchorage, the rebound in Anchorage's economy and population has been good news for the area's tourist industry.

Indications are that many operators believe tourism on the Peninsula will remain healthy. Princess Tours is opening a new lodge at Cooper Landing on the Kenai River for the 1990 season, and the Alaska Railroad will be increasing the number of trains travelling from Anchorage to Seward. Kenai Fjord Tours of Seward recently purchased a new 150 passenger tour ship to augment its tour business. Some speculate that the number of visitors to the Kenai Fjords National Park could exceed 100,000 in a few years. And the King Oscar Motel of Kenai is planning to build a convention center with a 600 person capacity. There is also a growing initiative to develop foreign markets, especially in the Pacific Rim.

Handful of Projects Support Construction Industry

Construction activity on the Peninsula is lackluster at best. With the exception of Seward, residential and commercial construction remains almost nonexistent because of the over-built market. If not for the Bradley Lake hydroelectric project outside of Homer, (one of the largest construction projects in the state) the industry would show few signs of life. A few other public projects are breathing some life into this industry. The Kenai Peninsula Borough is building an $8 million elementary school in Seward; projects in Homer include a $4.1 million deepwater dock port and $14 million sewer project; reconstruction of the Steelhead offshore oil platform near Kenai is almost complete. However, no one is predicting a strong turnaround in this industry for the near future.

A New Timber Industry Gives The Economy An Extra Boost

Timber harvesting and processing are the latest diversification efforts on the Peninsula. Until 1988 almost all timber activity was limited to Southeast Alaska. Now the Kenai Peninsula is making some inroads into this industry.

Chugach Alaska Corp. has almost completed a $20 million state-of-the-art mill in Seward to produce dimensional lumber for the Pacific Rim and the local Alaska market. The project encompasses the three key economic elements mentioned earlier in this article -- diversification (because timber-related activity was largely limited to small operations), exports (because most of the products will be sent to the Pacific Rim), and value-added production (because much of the timber will be processed before export). In addition, a fourth economic development term applies to the project -- import substitution (because the mill will be supplying some of Alaska's lumber which is now imported). Chugach plans to employ a work force of 60, with the possibility of adding a second shift (and thereby almost doubling its workforce).

There are additional projects on the Peninsula timber scene: Klukwan Forest Products shipped Korean-bound round logs off the Homer dock for the first time this summer. Klukwan plans to ship more timber to the Pacific Rim in the future. Another timber firm, South Central Timber Development Inc., is planning to harvest trees from English Bay for export in 1990. And Cook Inlet Region Inc. just recently sold logging rights to 30,000 acres to Chugach Alaska Corporation.

Public Sector Gets A Boost From A New Prison

State government employment got a big boost when the prison in Seward opened in mid-1988. The prison employs approximately 200 state employees.

Local government employment levels were slower to rebound because declining property values continued to put a crimp on this sector's ability to expand. However, local government employment stabilized in 1988 and it appears most local governments are currently in relatively good financial shape. Some upward pressure on local government employment exists because school enrollment on the Peninsula began to climb again in 1989.

Federal government, a small employer on the Peninsula, grew partially as a result of an increase of 25 Federal Aviation Administration (FAA) personnel at the Kenai Flight Center. The FAA is consolidating and by 1991 their presence at the center may double from its present size of 51.

Oil Spill Creates Economic Boomlet

Although the oil spill began in Prince William Sound, it spread to the Kenai Peninsula and beyond. As in Valdez, cleanup activity on the Peninsula created a temporary economic boomlet. Most of the cleanup activity was based out of Homer, Seward and the communities of Seldovia, English Bay and Port Graham on the south side of Kachemak Bay.

At its peak Exxon's contractors had more than a thousand workers on the cleanup effort on the Peninsula. Given the size of the Peninsula's work force, this increase created a large bulge in the area's employment picture. Employment during the second quarter of 1989 would not have grown the 28% without the cleanup effort.

In April, VECO, the prime cleanup contractor, began to hire workers for the cleanup effort on the Peninsula. Employment with VECO and its union subsidiary, Norcon, peaked at 623 in July. (See Figure 2.) VECO subcontracted with many small vessels, employing as many as 221 additional people during the peak month. VECO also hired contractors to clean vessels, work construction, provide security, operate the bird rescue center and other activities. In addition to the oil spill contractors' activity, an untold number of local businesses such as hotels, transportation companies, restaurants, stores, etc. hired extra help in response to cleanup activity. For many businesses, the cleanup meant a financial windfall.

A major labor shortage ensued because of the sheer number of workers hired, which was compounded by the high wages offered by the cleanup contractors. The services sector and fish processing employers felt the brunt of these shortages. A few businesses actually had to close their doors because of a lack of help. The unemployment rate on the Peninsula fell as low as 5.9% in August, the lowest recorded unemployment rate in 15 years (See Figure 3.)

In some respects, the economic impact of the cleanup effort was not altogether different from a large short-term construction project. One major difference, however, is the potential long term economic impact. At this point no one really knows what economic bearing the spill might have, particularly on the area's fishery and tourism industries. The effect on tourism will be difficult if not impossible to measure. As for the impact on fisheries, only time will tell.

Seward Becomes The Economic Star of The Peninsula

The oil revenue boom of the early 1980s basically skipped Seward. For many years Seward's employment picture remained largely unchanged. During the past 3 years Seward's economy has blossomed. Employment in Seward grew 37% from 1986 through the second quarter 1989, compared to 3.3% for the state (See Table 3 and Figure 4).

The biggest single boost to Seward's economy came when the Spring Creek prison opened in mid-1988. That act alone pushed Seward's employment up by 16%. And all this was happening

Table 3

Seward Employment by Industry 1987-1989

	1987 Annual Average	1988 Annual Average	Percent Change 1987-1988	6 Month Average 1988	6 Month Average 1989	Percent Change 1988-1989
Nonag. Wage & Salary	1,236	1,324	7.1%	1,252	1,793	43.2%
Construction	101	73	-27.7	68	54	-20.6
Manufacturing	157	164	4.5	156	298	91.0
Trans., Comm. & Utilities	60	72	20.0	66	187	183.3
Trade	212	213	0.5	208	264	26.9
Finance, Ins. & Real Estate	21	21	0.0	21	19	-9.5
Services & Misc.	265	251	-5.3	258	327	26.7
Government	420	530	26.2	475	644	35.6
Federal	37	45	21.6	42	42	0.0
State	208	311	49.5	258	404	56.6
Local	175	174	-0.6	176	199	13.1

Source: Alaska Department of Labor, Research & Analysis

Table 4

Homer Employment by Industry 1987-1989

	1987 Annual Average	1988 Annual Average	Percent Change 1987-1988	6 Month Average 1988	6 Month Average 1989	Percent Change 1988-1989
Nonag. Wage & Salary	1,397	1,496	7.1%	1,370	1,824	33.1%
Construction	88	130	47.2	72	252	250.0
Manufacturing	115	163	41.6	127	181	42.5
Trans., Comm. & Utilities	159	196	23.3	184	281	52.7
Trade	337	312	-7.6	313	312	-0.3
Finance, Ins. & Real Estate	57	56	-1.7	55	64	16.4
Services & Misc.	230	234	1.6	210	277	31.9
Government	411	406	-1.2	409	457	11.7
Federal	40	45	13.8	42	47	11.9
State	25	25	0.0	26	29	11.5
Local	347	336	-3.0	342	382	11.7

Source: Alaska Department of Labor, Research & Analysis

while tourism in Seward continued to expand. In response to the relatively newly established Kenai Fjords National Park (1980), Seward has found numerous new tourism opportunities to exploit.

Commercial fishing also grew as the salmon harvest improved and bottomfishing efforts expanded. As already mentioned, the Fishing Company of Alaska added a new boat to its fleet. Both of Seward's land-based fish processing plants, Seward Fisheries and Seward Marine Services, also expanded their operations in 1989. The oil spill also provided a big shot in the arm during the summer of 1989. And employment will get an additional boost in 1990 when the Chugach lumber mill opens. Other harbor expansion activities and a possible expansion of the prison provide additional sources of growth for Seward's economy.

Homer's Recovery Follows Closely Behind Seward's

Unlike Seward, Homer suffered from major employment losses during the statewide recession of 1986-1988. But by 1988 Homer's economy was beginning to make a comeback. (See Table 4 and Figure 4.) The improved health of the area's tourism, fishing, and construction industries have made this possible.

Construction's big boost came from Bradley Lake, whose peak work force was 327 in 1989; it may see a higher employment level in 1990. A few other construction projects infused some life into this industry. Work on the area's dock and sewer system provided additional employment opportunities. The dock and sewer may provide more long-term infrastructure development which will attract shippers and fishing industry interests. An example of this is the decision by Ocean Trawl to home port its bottom fishing fleet in Homer.

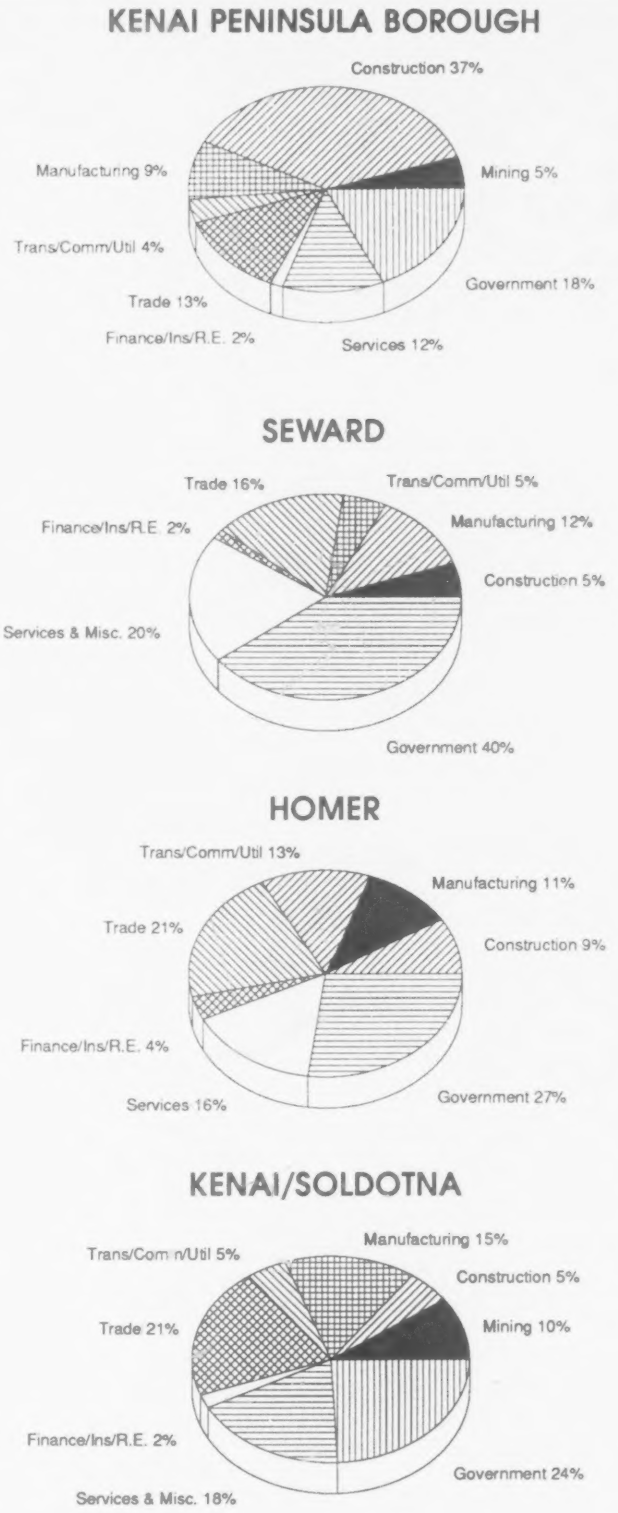
The strong salmon harvests and prices have been good to Homer. Its large tourism industry has remained healthy and by many indicators has continued to expand. Homer's biggest problem in 1989 was that it could not accommodate all of the tourists because so many hotel rooms were filled with spill workers. In addition to a lack of hotel rooms, there was a shortage of space on fish and sightseeing charters because skippers and boats were working on the more lucrative oil spill. There is some concern that this lack of service might have some longer term implications.

The Central Peninsula's Economy Heals More Slowly

The Kenai-Soldotna area's economy was the hardest hit on the Peninsula during the recession — almost 1,100 jobs were lost — and it has also been the slowest to recover. An excess of residential and commercial real estate remains on the market although there are signs that this sector is beginning to show life. A rebound in the fishing industry, a stabilized oil industry, good tourism seasons, and a healthy public sector is lifting the area's economy out of its 1987 nadir. Employment began to grow again in 1988 and continued on this path in 1989-albeit slower than the remainder of the Peninsula. (See Table 5 and Figure 4). The Central Peninsula got a boost from the oil spill, but it was not nearly as large as in the Peninsula's other communities.

Figure 4

Kenai Peninsula Employment by Area — 1988



Source: Alaska Department of Labor, Research and Analysis

Table 5

Kenai/Soldotna Employment by Industry 1987-1989

	1987 Annual Average	1988 Annual Average	Percent Change 1987-1988	6 Month Average 1988	6 Month Average 1989	Percent Change 1988-1989
Nonag. Wage & Salary	7,483	7,521	0.5%	6,859	7,809	13.8%
Mining	687	740	7.7	713	677	-5.1
Construction	421	389	-7.6	319	413	29.5
Manufacturing	1,042	1,151	10.5	780	949	21.7
Food & Kindred Products	534	662	24.0	288	314	9.0
Trans., Comm. & Utilities	347	352	1.4	327	442	35.2
Trade	1,622	1,543	-4.9	1,512	1,537	1.7
Wholesale	291	312	7.2	301	284	-5.6
Retail	1,331	1,232	-7.4	1,211	1,254	3.6
Finance, Ins. & Real Estate	191	164	-14.1	158	168	6.3
Services & Misc.	1,319	1,358	3.0	1,216	1,604	31.9
Government	1,854	1,824	-1.6	1,834	2,019	10.1
Federal	107	124	15.9	115	133	15.7
State	543	566	4.2	537	569	6.0
Local	1,205	1,134	-5.9	1,182	1,317	11.4

Source: Alaska Department of Labor, Research & Analysis

Summary: A Diverse And Sound Economy on the Kenai Peninsula

The Kenai Peninsula's economy pulled itself out of the doldrums in late 1988 and grew quite vigorously in 1989. Oil spill cleanup activity contributed to 1989's strength, but the Peninsula's economy would have made headway nevertheless.

The Peninsula's economic strength comes from its diversity. Almost all of its industries contributed to the Peninsula's improved economic outlook. Fishing provided a big boost with two good back-to-back salmon seasons. Probably the most pleasant economic surprise was that tourism remained robust in spite of the oil spill.

Even the Peninsula's construction industry exhibited some new life. There was little or no residential or commercial activity but public construction, led by construction of the Bradley Lake hydroelectric project, provided opportunities for the construction work force. And timber, a newly-emerging industry on the Peninsula, is helping to further diversify the economy and provide new economic opportunities.

All the main communities are sharing in the area's improved economic outlook. Seward leads the pack in growth and vitality. Homer is not far behind. The Kenai-Soldotna area economy is not as robust, although it too is managing to make progress.

Next year's cleanup effort will not match 1989's, so the Peninsula's economy won't match this year's levels. But, because the economic activity generated by the cleanup was an aberration, 1989 provides a poor benchmark. If it is possible to visualize the area's economy minus the effects of the oil spill, it appears that the Kenai Peninsula's traditional industries and some new emerging ones will remain healthy and prosper in 1990.

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December is 15th Month of Growth

by Holly Stinson

As the nation entered its eighth consecutive year of expansion in December, Alaska marked its fifteenth straight month of over the year employment growth. (See Table 1.) Every industry except manufacturing had more jobs compared to December 1988. And every region enjoyed growth, ranging from 2.5% in Southeast to 6.6% in Northern.

Gulf Coast Employment Equalled Previous Peak

The Gulf Coast matched a record high for December employment; it reached the same level in December 1984. Jobs in retail trade and services were at a monthly high for the decade in December 1989. In the spotlight during December was one part of the Gulf Coast region — Cook Inlet. There the Mt. Redoubt volcano rumbled to life on December 14, spewing ash into the air. Several eruptions caused two distinct economic impacts: they curtailed air traffic and oil production.

Volcanic Eruptions Affected Oil Industry in Gulf Coast

Fears that volcanic eruptions would flood the Drift River oil terminal prompted closure of the facility and draining of the storage tanks. In turn, eight wells were forced to shut down since they had nowhere to store crude oil. However, many operators were hoping to find alternative tasks for their employees rather than lay them off. The real worry was that a shutdown might shorten the life of the oil field, costing an eventual loss of jobs on the Kenai Peninsula.

While the production side of the oil and gas industry on the Kenai was experiencing problems, the refineries

Table 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	Changes from: 12/88
Nonag. Wage & Salary	214,200	216,300	207,100	-2,100	7,100
Mining	10,100	10,400	9,300	-300	800
Construction	7,400	8,500	6,700	-1,100	700
Manufacturing	10,800	11,600	10,900	-800	-100
Seafood Processing	4,000	4,400	4,200	-400	-200
Lumber & Paper Products	3,300	3,800	3,400	-500	-100
All Other Manufacturing	3,500	3,400	3,300	100	200
Trans., Comm. & Utilities	17,700	17,700	16,800	0	900
Trucking & Warehousing	2,200	2,200	2,200	0	0
Water Transportation	1,400	1,400	1,000	0	400
Air Transportation	5,700	5,700	5,300	0	400
Communications	3,200	3,200	3,200	0	0
All Other Transportation	5,200	5,200	5,100	0	100
Trade	43,800	43,600	42,400	200	1,400
Wholesale	7,600	7,800	7,400	-200	200
Retail	36,200	35,800	35,000	400	1,200
Gen. Merch. & Apparel	6,100	5,800	5,600	300	500
Food Stores	6,400	6,300	6,100	100	300
Eating & Drinking Places	12,300	12,400	12,200	-100	100
All Other Retail	11,400	11,300	11,100	100	300
Finance, Ins. & Real Estate	10,400	10,500	10,400	-100	0
Services	43,800	43,800	42,400	0	1,400
Hotels & Other Lodging	4,300	4,300	4,000	0	300
Government	70,200	70,200	68,200	0	2,000
Federal	18,300	17,900	18,000	400	300
State	21,100	21,400	20,000	-300	1,100
Local	30,800	30,900	30,200	-100	600

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates

r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	Changes from: 12/88
Nonag. Wage & Salary	104,150	104,500	100,300	-350	3,850
Mining	3,650	3,650	3,500	0	150
Construction	3,500	3,950	3,250	-450	250
Manufacturing	2,150	2,200	1,950	-50	200
Trans., Comm. & Utilities	9,700	9,750	9,000	-50	700
Trucking & Warehousing	1,400	1,400	1,500	0	-100
Water Transportation	700	700	300	0	400
Air Transportation	3,450	3,500	3,200	-50	250
Communications	1,800	1,800	1,750	0	50
All Other Transportation	2,350	2,350	2,250	0	100
Trade	25,900	25,900	24,750	0	1,150
Wholesale	5,850	5,900	5,800	-50	50
Retail	20,050	20,000	18,950	50	1,100
Gen. Merch. & Apparel	2,950	2,900	2,800	50	150
Food Stores	3,100	3,100	2,800	0	300
Eating & Drinking Places	7,600	7,600	7,500	0	100
All Other Retail	6,400	6,400	5,850	0	550
Finance, Ins. & Real Estate	7,000	7,000	7,150	0	-150
Services	25,700	25,700	24,450	0	1,250
Government	26,550	26,350	26,250	200	300
Federal	10,400	10,200	10,400	200	0
State	7,650	7,700	7,300	-50	350
Local	8,500	8,450	8,550	50	-50

Fairbanks North Star Borough

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	Changes from: 12/88
Nonag. Wage & Salary	25,500	25,800	24,750	-300	750
Mining	150	150	100	0	50
Construction	1,150	1,400	1,050	-250	100
Manufacturing	550	600	550	-50	0
Trans., Comm. & Utilities	1,750	1,750	1,800	0	-50
Trucking & Warehousing	400	400	400	0	0
Air Transportation	300	300	300	0	0
All Other Transportation	1,050	1,050	1,100	0	-50
Trade	5,700	5,700	5,450	0	250
Wholesale	700	750	650	-50	50
Retail	5,000	4,950	4,800	50	200
Food Stores	800	800	750	0	50
All Other Retail	4,200	4,150	4,050	50	150
Finance, Ins. & Real Estate	750	800	750	-50	0
Services	5,600	5,600	5,500	0	100
Government	9,850	9,800	9,550	50	300
Federal	2,850	2,800	2,750	50	100
State	4,250	4,300	4,100	-50	150
Local	2,750	2,700	2,700	50	50

Anchorage-MatSu Region

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	Changes from: 12/88
Nonag. Wage & Salary	110,400	111,000	106,600	-600	3,800
Mining	3,650	3,700	3,500	-50	150
Construction	3,650	4,150	3,500	-500	150
Manufacturing	2,250	2,300	2,050	-50	200
Trans., Comm. & Utilities	10,350	10,400	9,600	-50	750
Trade	27,400	27,500	26,300	-100	1,100
Finance, Ins. & Real Estate	7,400	7,400	7,500	0	-100
Services	26,700	26,750	25,500	-50	1,200
Government	29,000	28,800	28,650	200	350

Interior Region

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	Changes from: 12/88
Nonag. Wage & Salary	29,200	29,450	28,150	-250	1,050
Mining	250	250	250	0	0
Construction	1,200	1,450	1,100	-250	100
Manufacturing	550	600	550	-50	0
Trans., Comm. & Utilities	2,100	2,150	2,050	-50	50
Trade	6,050	6,050	5,800	0	250
Finance, Ins. & Real Estate	850	850	800	0	50
Services	6,050	6,050	5,950	0	100
Government	12,150	12,050	11,650	100	500

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Nonagricultural Wage and Salary Employment
By Place of Work

Southeast Region

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	 12/88
Nonag. Wage & Salary	30,200	31,100	29,450	-900	750
Mining	300	300	200	0	100
Construction	950	1,050	950	-100	0
Manufacturing	3,900	4,500	4,150	-600	-250
Seafood Processing	600	650	600	-50	0
Lumber & Paper Prod.	3,050	3,600	3,250	-550	-200
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,300	2,300	2,150	0	150
Trade	5,000	4,950	4,800	50	200
Wholesale	550	550	450	0	100
Retail	4,450	4,400	4,350	50	100
Finance, Ins. & Real Estate	1,000	1,050	1,000	-50	0
Services	4,900	4,950	4,600	-50	300
Government	11,850	12,000	11,600	-150	250
Federal	2,000	2,050	2,050	-50	-50
State	5,350	5,450	5,100	-100	250
Local	4,500	4,500	4,450	0	50

Gulf Coast Region

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	 12/88
Nonag. Wage & Salary	18,950	19,400	18,000	-450	950
Mining	850	850	850	0	0
Construction	750	900	700	-150	50
Manufacturing	2,200	2,350	2,200	-150	0
Seafood Processing	1,450	1,600	1,550	-150	-100
All Other Manufacturing	750	750	650	0	100
Trans., Comm. & Utilities	1,450	1,500	1,350	-50	100
Trade	3,650	3,700	3,550	-50	100
Wholesale	450	500	450	-50	0
Retail	3,200	3,200	3,100	0	100
Finance, Ins. & Real Estate	500	500	550	0	-50
Services	3,400	3,400	3,150	0	250
Government	6,150	6,200	5,650	-50	500
Federal	600	600	550	0	50
State	1,950	2,000	1,750	-50	200
Local	3,600	3,600	3,350	0	250

Southwest Region

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	 12/88
Nonag. Wage & Salary	12,450	12,800	11,700	-350	750
Seafood Processing	1,800	2,000	1,500	-200	300
All Other Private	4,300	4,400	4,050	-100	250
Government	6,350	6,400	6,150	-50	200
Federal	1,350	1,300	1,300	50	50
State	550	550	550	0	0
Local	4,450	4,550	4,300	-100	150

Northern Region

	p/ 12/89	r/ 11/89	12/88	Changes from: 11/89	 12/88
Nonag. Wage & Salary	13,750	14,150	12,900	-400	850
Mining	5,100	5,350	4,750	-250	350
All Other Private	3,950	4,050	3,750	-100	200
Government	4,700	4,750	4,400	-50	300
Federal	350	350	350	0	0
State	350	350	350	0	0
Local	4,000	4,050	3,700	-50	300

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 12/89	r/ 11/89	12/88	p/ 12/89	r/ 11/89	12/88	p/ 12/89	r/ 11/89	12/88
Mining	$1,088.90	$1,054.02	$1,111.32	47.2	46.7	49.0	$23.07	$22.57	$22.68
Construction	989.00	1,062.66	847.48	43.8	44.8	37.4	22.58	23.72	22.66
Manufacturing	564.98	572.24	585.43	39.9	40.7	42.3	14.16	14.06	13.84
Seafood Processing	362.85	374.01	368.84	41.0	41.1	44.6	8.85	9.10	8.27
Lumber & Paper Prod	733.10	754.11	703.08	43.2	44.1	40.5	16.97	17.10	17.36
Trans., Comm. & Utilities	588.76	598.18	555.97	34.9	36.1	35.3	16.87	16.57	15.75
Trade	385.10	381.38	370.61	34.6	33.9	33.6	11.13	11.25	11.03
Wholesale	548.49	535.43	519.23	38.9	38.3	37.9	14.10	13.98	13.70
Retail	334.32	332.47	324.29	33.2	32.5	32.3	10.07	10.23	10.04
Finance-Ins. & R.E	402.34	401.35	404.08	35.7	34.9	34.1	11.27	11.50	11.85

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

and processing plants remained unaffected. Tesoro officials announced plans in December to build a new dock and shipping terminal at their refinery in Nikiski.

Volcanic Ash Affected Many Economic Sectors in Anchorage

Ash clouds from Mt. Redoubt played havoc with air traffic in and out of Anchorage. Airline officials diverted many flights from Anchorage for several days; some international lines decided to skip Anchorage altogether for weeks at a time. While the airport lost out on some revenue, its usage fees are readjusted each year to reflect any over- or under-charges from the previous year.

The firms who faced immediate losses were those that normally provide services to the airlines. A fuel consortium delivered 6.8 million gallons less in December 1989 than December 1988, a decrease of 16%. Hotels lost revenue when literally hundreds of rooms remained empty with no incoming flight crews to fill them. Caterers were particularly devastated — not only were they not selling meals to the airlines, they were also throwing out spoiled food. One firm was servicing 40% fewer flights than usual in January.

Some losses were offset by the additional passengers waiting for domestic flights who were stranded at the airport. While the food concessionaire lost money at the international terminal, the difference was more than made up for with increased revenues at the domestic terminal.

Just as the real worry in Kenai is the eventual loss of jobs in the oil industry, the real worry in Anchorage is that the volcanic eruptions might hasten the day when international flights don't include Anchorage on their route.

The rest of Anchorage's transportation industry continued to do well in December. It was the only sector in Anchorage to post the highest December employment of the decade. Anchorage's port handled a record amount of freight. Tonnage was up 23% or 2.3 million tons from 1988, and revenues were up 11%. Oil cleanup-related freight helped boost 1989's tonnage.

All But One Industry Gained Employment in Anchorage

Even while ash clouds were hindering many economic sectors, Anchorage enjoyed its first December of overall employment growth since 1985. Construction and manufacturing jobs followed their typical drop from November to December, but the only industry in Anchorage to show an over the year decrease in employment was finance, insurance and real estate (F.I.R.E.). (See Table 2.)

Although F.I.R.E. may not yet be gaining employment, the industry has received some good news recently.

Alaska's largest bank, National Bank of Alaska, headquartered in Anchorage, posted record profits for the year, more than the profits made during the mid-1980s boom years and almost four times more than last year.

Alaska Housing Finance Corporation announced that 1989 was a turnaround year for the real estate market, with fewer foreclosures and more sales, especially in the second half of the year. Meanwhile, federal regulators closed two more of Anchorage's financial institutions. Although FIRE may lose additional employment in January from these latest two closures, many feel that the demise of Anchorage's only two savings and loan associations ends the chapter of financial calamity in Anchorage.

Fairbanks Economy Enjoyed a Good Holiday Season

The holiday season is usually the most active for retailers, and this December was no exception. Retail trade showed growth throughout the state. J.C. Penney reported sales gains in the double digits in both their Fairbanks and Anchorage stores, with even higher gains in catalog sales. Admittedly much of the increase in retail employment represents low-paying, part-time jobs that may disappear with the new year, but the necessity for additional jobs is still an indication of a strengthening economy.

Another indication of Fairbanks' growing economy was the scarcity of Christmas trees this holiday season. Although merchants ordered more than the previous year, they sold out of live trees a week before Christmas, and sales of artificial trees were brisk. An increased military population was given as the likely reason; another one might be that some residents have more cash this year as a result of working on the oil spill cleanup.

The increased population in Fairbanks is a fact. There were 2,200 more military and dependents stationed in Fairbanks this holiday season than in December 1988. Besides a run on Christmas trees, apartment vacancies are running at about half the 1988 rate, and several realtors reported difficulty finding rental houses for their clients.

Seafood, Timber Lagged Behind

The only drag on December's economy statewide was manufacturing, where lower over the year employment was caused by reduced employment in both seafood and wood processing. After suffering through lower employment during the oil spill, Gulf Coast processors still had fewer jobs in December. The pollock fishery in Gulf Coast closed unexpectedly early last spring, so the usual November and December catch was not available to process. In Southeast, employment in the timber industry was down both over the month and over the year.

Elsewhere, wood processing got a boost as Chugach Alaska's new $20 million sawmill in Seward geared up to begin processing wood chips in January. Chugach Alaska is purchasing timber near Ninilchik to assure a 10-year supply for their sawmill. A second shift is anticipated next fall, doubling the work force to 125. Small potatoes compared to the timber industry in Southeast, but important new jobs for the Seward area. Now that the industry is in place, there is potential for growth. There is already talk of a Korean corporation building a press-board plant near the new facility to utilize sawmill waste.

Construction and Mining Jobs Increased

Even the beleaguered construction industry, while showing typical seasonal employment loss over the month, showed an amazingly strong increase over the year of 10.4%. Projects on the North Slope, the Aleutians, and Bradley Lake near Homer are all contributing to growth.

December construction employment at Red Dog dropped to almost nothing as finishing touches were put on the facilities at the mine and port sites. While some miners have been employed for several months, mining operations actually began in December. Zinc was mined and processed, and the concentrate hauled to the port site for stockpiling. If ice patterns cooperate, Red Dog officials plan to ship the concentrate from mid-July to mid-October. Employment at Red Dog should reach 300 when fully operational. Mining employment at Red Dog is masked in employment tables since Red Dog is in the same (Northern) region as the 5,000 workers at Prudhoe Bay.

Unemployment Rate Increased 1%

In spite of strong over the year growth, December's unemployment rate increased a full percentage point to 7.9%. (See Table 4.) While the increase indicates the usual winter slowdown, unemployment was still much lower than December 1988.

Summary — December Ends a Year of Economic Rebound

The year 1989 closed with statewide employment growing for the 15th month in a row. Anchorage enjoyed an over the year growth rate of 3.8% in December, with the finance, insurance and real estate industry being the only one not showing increased employment.

In Gulf Coast, employment reached a December peak for the decade in spite of the economic havoc wreaked by Mt. Redoubt's volcanic eruptions. The economic havoc was not confined to the Kenai area; ash clouds drifting north also closed Anchorage airports.

In contrast to last year, Southeast employment grew the least of all the regions this December at 2.5%. A slowdown in manufacturing jobs was the only reason Southeast's employment growth wasn't higher.

Retail trade employment saw a seasonal rise as firms geared up for an excellent holiday season. Construction and mining employment also had over the year growth in December. If 1988 was the turnaround year for Alaska's latest recession, 1989 certainly closed on a strong note of rebound.

About the author:

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Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 12/89	r/ 11/89	12/88	p/ 12/89	r/ 11/89	12/88	p/ 12/89	r/ 11/89	12/88	p/ 12/89	r/ 11/89	12/88
Alaska Statewide	239,815	237,741	239,120	18,935	16,413	20,671	7.9%	6.9%	8.6%	220,880	221,328	218,449
Anch.-MatSu Region	126,558	124,851	126,943	8,427	7,351	9,377	6.7	5.9	7.4	118,131	117,500	117,566
Anchorage Borough	112,634	111,082	112,282	6,319	5,519	7,235	5.6	5.0	6.4	106,315	105,563	105,047
MatSu Borough	13,924	13,769	14,661	2,108	1,832	2,142	15.1	13.3	14.6	11,816	11,937	12,519
Gulf Coast Region	25,329	25,307	24,508	3,057	2,767	2,971	12.1	10.9	12.1	22,272	22,540	21,537
Kenai Peninsula Borough	15,750	15,692	15,406	2,059	1,836	2,167	13.1	11.7	14.1	13,691	13,856	13,239
Kodiak Island Borough	5,700	5,795	5,318	565	598	353	9.9	10.3	6.6	5,135	5,197	4,965
Valdez-Cordova	3,879	3,820	3,784	433	333	451	11.2	8.7	11.9	3,446	3,487	3,333
Interior Region	34,347	33,891	34,903	3,361	2,931	4,246	9.8	8.6	12.2	30,986	30,960	30,657
Fairbanks North Star Bor.	29,488	29,161	30,077	2,654	2,349	3,527	9.0	8.1	11.7	26,834	26,812	26,550
Southeast Fairbanks	2,000	1,952	1,990	254	208	263	12.7	10.7	13.2	1,746	1,744	1,727
Yukon-Koyukuk	2,859	2,778	2,836	453	374	456	15.8	13.5	16.1	2,406	2,404	2,380
Northern Region	8,193	8,265	7,998	563	546	687	6.9	6.6	8.6	7,635	7,719	7,311
Nome	3,110	3,104	3,041	264	226	315	8.5	7.3	10.4	2,846	2,878	2,726
North Slope Borough	2,961	2,998	2,882	112	118	154	3.8	3.9	5.3	2,849	2,880	2,728
Northwest Arctic Borough	2,127	2,163	2,075	187	202	218	8.8	9.3	10.5	1,940	1,961	1,857
Southeast Region	34,015	33,903	33,726	2,977	2,292	2,849	8.8	6.8	8.4	31,038	31,611	30,877
Haines Borough	861	839	847	101	64	90	11.7	7.6	10.6	760	775	757
Juneau Borough	15,090	15,185	14,940	906	741	831	6.0	4.9	5.6	14,184	14,444	14,109
Ketchikan Gateway Bor.	6,265	6,205	6,349	582	417	695	9.3	6.7	10.9	5,683	5,788	5,654
Pr. of Wales-Outer Ketch.	2,632	2,586	2,611	335	247	326	12.7	9.6	12.5	2,297	2,339	2,285
Sitka Borough	4,017	4,081	3,999	307	302	308	7.6	7.4	7.7	3,710	3,779	3,691
Skagway-Yakutat-Angoon	1,629	1,602	1,639	253	200	270	15.5	12.5	16.5	1,376	1,402	1,369
Wrangell-Petersburg	3,521	3,405	3,341	493	321	329	14.0	9.4	9.8	3,028	3,084	3,012
Southwest Region	11,368	11,524	11,042	550	526	541	4.8	4.6	4.9	10,818	10,998	10,501
Aleutian Islands	3,150	3,218	3,058	49	65	48	1.6	2.0	1.6	3,101	3,153	3,010
Bethel	4,287	4,347	4,194	216	208	242	5.0	4.8	5.8	4,071	4,139	3,952
Bristol Bay Borough	415	426	447	14	18	57	3.4	4.2	12.8	401	408	390
Dillingham	2,080	2,089	1,981	146	123	104	7.0	5.9	5.2	1,934	1,966	1,877
Wade Hampton	1,436	1,444	1,362	125	112	90	8.7	7.8	6.6	1,311	1,332	1,272

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.

- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.

- The official definition of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

The Alaska Department of Labor will be presenting Alaska Micro Computer Occupation Information System (Micro-OIS) Training on the following dates:

Fairbanks	Anchorage	Juneau
March 15, 1990 9:00-1:00 Bunnell Building #119 U of AK, Fairbanks	April 11, 1990 1:00-5:00 Clarion Hotel 4800 Spenard Rd.	Individual two-hour training sessions can be arranged at your convenience.

Pre-registration is required and class size is limited to thirty. There is no fee for training.

Alaska Micro-OIS is an IBM compatible hard disk personal computer program that gives administrators of education and training programs, vocational counselors, grant writers and others quick access to current Alaska occupational supply and demand information.

Alaska Micro-OIS offers users:

•Occupational Employment Statistics (OES)•Current Average Annual Openings in Occupations
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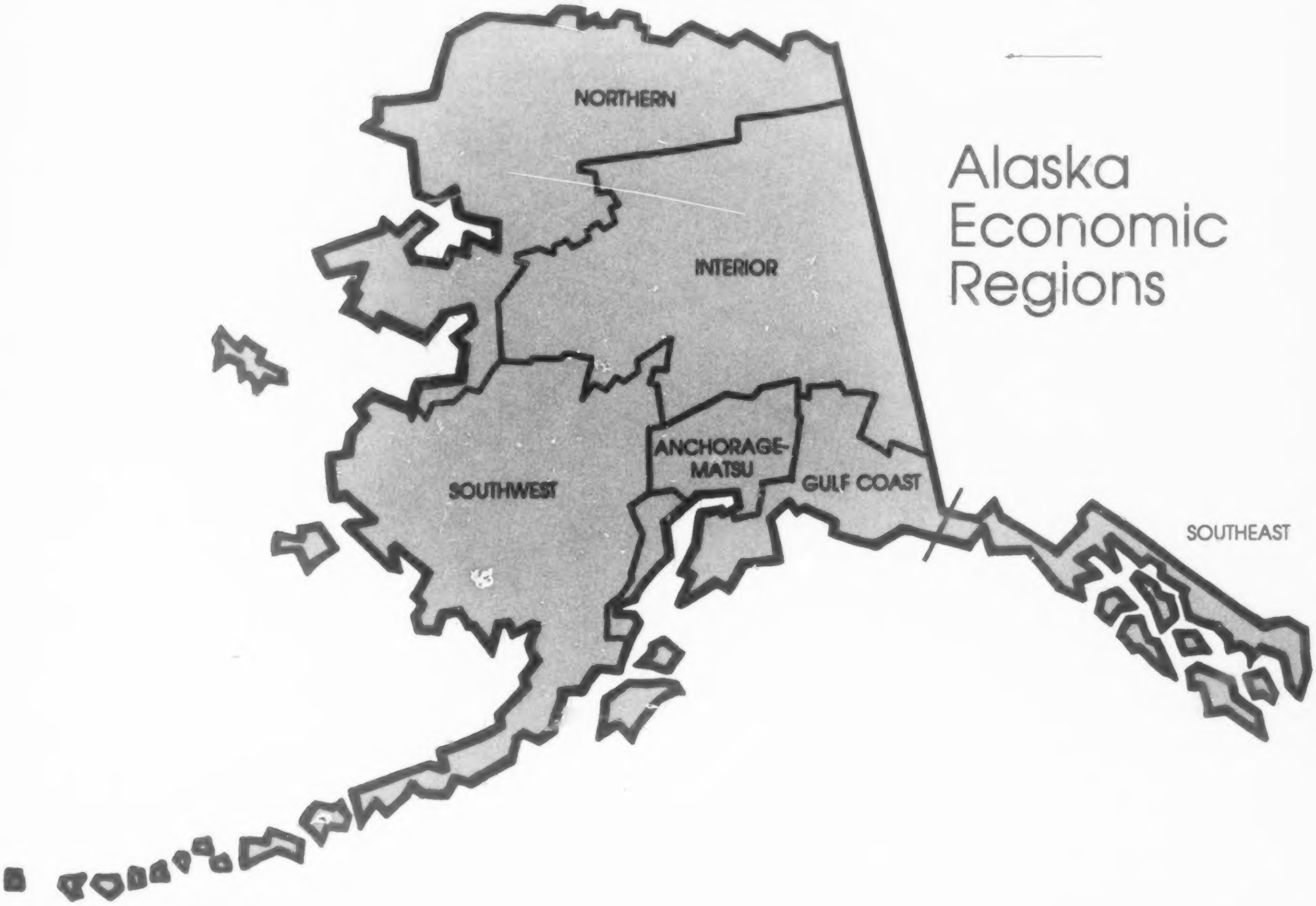

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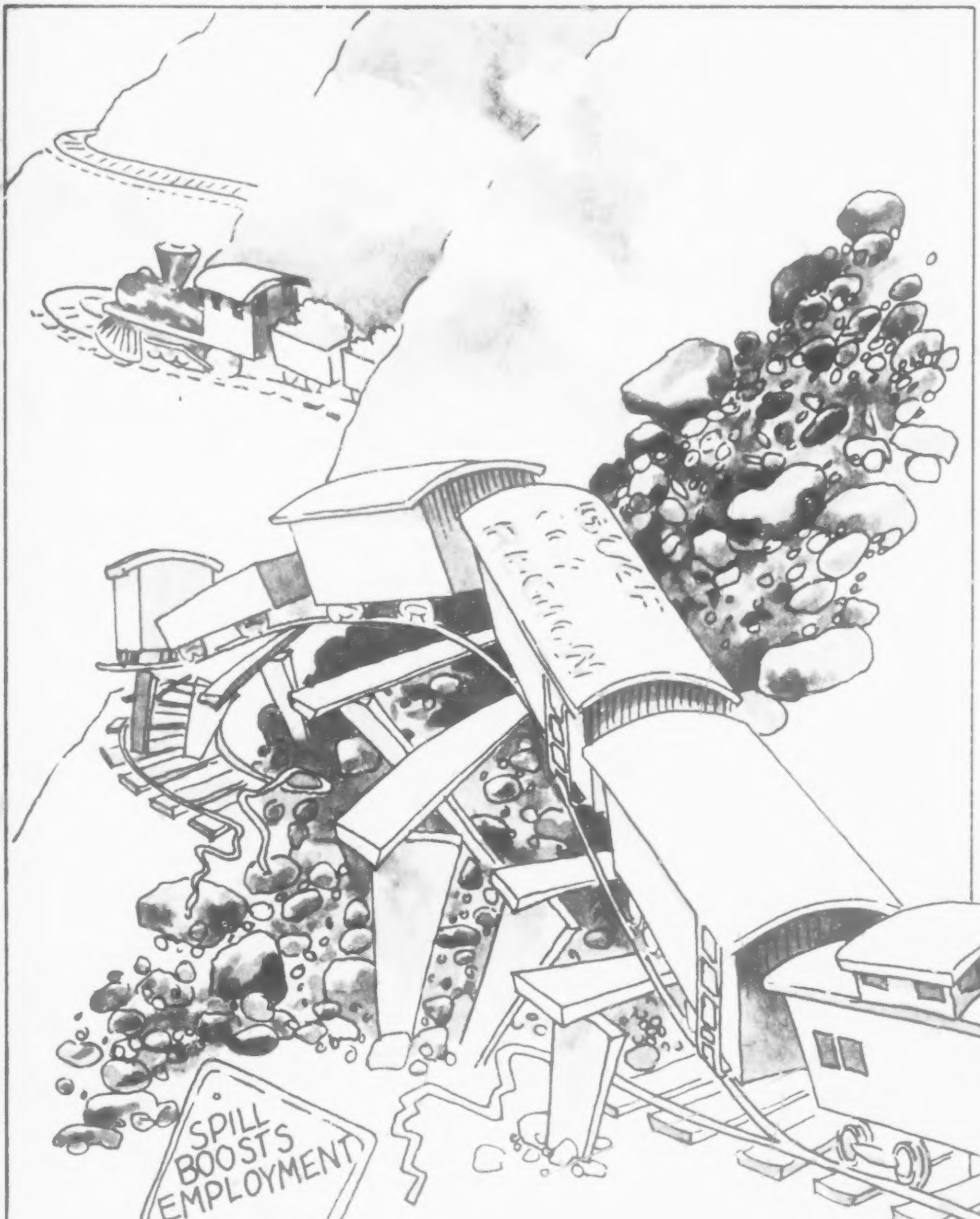
SPILL
BOOSTS
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ALASKA ECONOMIC
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1990 CENSUS
ALASKANS COUNT

Cover design by Jim Fowler

MADE IN ALASKA

YEAR IN REVIEW

1989: Economic Revival Plus An Oil Spill Boom

By John Boucher, Neal Fried, Brian Rae, Holly Stinson

When Alaskans reflect on 1989, many will deem it "The Year of the Spill." The March 24 grounding of the supertanker *Exxon Valdez* on Bligh Reef in Prince William Sound and the resulting oil spill cleanup effort dominated the headlines and mind-set of Alaskans for most of the year.

With an event of such enormous proportions, it's easy to attribute the 1989 turnaround in the Alaska Department of Labor's economic indicators to the oil spill. Employment in the state grew 6.4% from 1988. (See Table 1.) And the 6.7% statewide unemployment rate shattered the previous comparable low of 8.0% set in 1976. But a close look shows that Alaska's economic indicators were rebounding prior to the oil spill.

Table 1

Alaska Wage and Salary Employment Change 1988-1989

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	213,700	227,300	13,600	6.4%
Goods-producing	33,500	35,900	2,400	7.2
Mining	9,600	10,100	500	5.2
Construction	9,000	9,800	800	8.9
Manufacturing	15,000	16,000	1,000	6.7
Durable Goods	3,500	3,700	200	5.7
Lumber & Wood Products	2,700	2,900	200	7.4
Nondurable Goods	11,500	12,300	800	7.0
Seafood Processing	7,900	8,600	700	8.9
Pulp Mills	900	900	0	0.0
Service-producing	180,200	191,400	11,200	6.2
Transportation	17,400	20,700	3,300	19.0
Trucking & Warehousing	2,200	2,300	100	4.5
Water Transportation	1,000	1,400	400	40.0
Air Transportation	5,500	6,100	600	10.9
Communications	3,300	3,200	-100	-3.0
Trade	42,000	44,200	2,200	5.2
Wholesale Trade	7,500	7,900	400	5.3
Retail Trade	34,500	36,300	1,800	5.2
Gen. Merch. & Apparel	5,000	5,400	400	8.0
Food Stores	6,200	6,500	300	4.8
Eating & Drinking Places	12,600	13,000	400	3.2
Finance-Ins. & Real Estate	10,700	10,500	-200	-1.9
Services & Misc.	43,600	47,100	3,500	8.0
Hotels & Lodging Places	4,800	5,000	200	4.2
Government	66,500	68,900	2,400	3.6
Federal	17,900	18,400	500	2.8
State	19,400	20,700	1,300	6.7
Local	29,200	29,800	600	2.1

Prepared in cooperation with U.S. Department of Labor, Bureau of Labor Statistics.
Benchmark March 1989

Source: Alaska Department of Labor, Research & Analysis Section.

During the nine months prior to the oil spill, July 1988 to March 1989, employment growth averaged 2.7%. Further, growth was accelerating prior to the spill. Comparing the 1st quarter of 1989 to the 1st quarter of 1988 showed a 3.9% rate of employment growth. The unemployment rate followed the same pattern as employment. Throughout the second half of 1988, the statewide rate was setting records for all-time lows. And by March 1989, the trend to set the all-time low was firmly established.

Despite what trends were established prior to the spill, the spill's effect on employment and unemployment cannot be denied. While it's clear that employment was growing prior to the oil spill, it is equally clear that employment would not have grown 6.4% without the spill. The same analogy can be made for unemployment.

How Much of '89 Growth Was Spill-Related?

How much of the recovery was spill-related and how much was going to happen regardless of the spill? An exact number is impossible to obtain, but a reasonable estimate can be made. The starting point is to identify employment

Table 2

Wage and Salary Employment Change by Area
1988-1989

Anchorage Borough

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	100,200	104,750	4,550	4.5%
Goods-producing	9800	10450	650	6.6
Mining	3,300	3,550	250	7.6
Construction	4,350	4,800	450	10.3
Manufacturing	2,150	2,150	0	0.0
Service-producing	90,400	94,300	3,900	4.3
Transportation	9,250	10,000	750	8.1
Trucking & Warehousing	1,350	1,400	50	3.7
Water Transportation	300	300	0	0.0
Air Transportation	3,400	3,750	350	10.3
Communications	1,800	1,800	0	0.0
Trade	24,150	25,300	1,150	4.8
Wholesale Trade	5,600	5,900	300	5.4
Retail Trade	18,550	19,400	850	4.6
Gen. Merch. & Apparel	2,600	2,700	100	3.8
Food Stores	2,900	3,050	150	5.2
Eating & Drinking Places	7,450	7,650	200	2.7
Finance-Ins. & Real Estate	7,100	6,800	-300	-4.2
Services & Misc.	24,450	26,450	2,000	8.2
Hotels & Lodging Places	2,250	2,300	50	2.2
Government	25,500	25,800	300	1.2
Federal	10,250	10,150	-100	-1.0
State	6,850	7,250	400	5.8
Local	8,400	8,400	0	0.0

Fairbanks North Star Borough

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	25,500	26,500	1,000	3.9%
Goods-producing	2,250	2,300	50	2.2
Mining	200	150	-50	-25.0
Construction	1,450	1,600	150	10.3
Manufacturing	600	550	-50	-8.3
Service-producing	23,300	24,250	950	4.1
Transportation	1,800	1,900	100	5.6
Trucking & Warehousing	350	450	100	28.6
Air Transportation	300	350	50	16.7
Communications	300	250	-50	-16.7
Trade	5,700	5,900	200	3.5
Wholesale Trade	700	700	0	0.0
Retail Trade	5,000	5,150	150	3.0
Gen. Merch. & Apparel	600	650	50	8.3
Food Stores	750	750	0	0.0
Eating & Drinking Places	2,000	2,000	0	0.0
Finance-Ins. & Real Estate	850	850	0	0.0
Services & Misc.	5,800	5,950	150	2.6
Government	9,150	9,700	550	6.0
Federal	2,800	3,100	300	10.7
State	3,850	4,050	200	5.2
Local	2,550	2,550	0	0.0

Northern Region

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	13,100	13,750	650	5.0%
Goods-producing	5,300	5,650	350	6.6
Mining	4,750	5,000	250	5.3
Service-producing	7,800	8,100	300	3.8
Government	4,350	4,300	-50	-1.1
Federal	350	250	-100	-28.6
State	350	350	0	0.0
Local	3,650	3,700	50	1.4

Southwest Region

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	13,650	14,950	1,300	9.5%
Goods-producing	3,650	4,500	850	23.3
Seafood Processing	3,150	4,100	950	30.2
Service-producing	10,000	10,450	450	4.5
Government	5,900	6,100	200	3.4
Federal	1,300	1,350	50	3.8
State	500	550	50	10.0
Local	4,100	4,200	100	2.4

Gulf Coast Region

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	20,000	24,100	4,100	20.5%
Goods-producing	5,500	5,900	400	7.3
Mining	850	850	0	0.0
Construction	900	1,100	200	22.2
Manufacturing	3,750	3,950	200	5.3
Seafood Processing	3,050	3,000	-50	-1.6
Service-producing	14,500	18,200	3,700	25.5
Transportation	1,400	3,650	2,250	160.7
Trade	3,500	3,750	250	7.1
Wholesale Trade	550	500	-50	-9.1
Retail Trade	3,000	3,200	200	6.7
Finance-Ins. & Real Estate	550	550	0	0.0
Services & Misc.	3,500	4,250	750	21.4
Government	5,550	6,000	450	8.1
Federal	550	550	0	0.0
State	1,650	1,900	250	15.2
Local	3,350	3,550	200	6.0

Southeast Region

	1988	1989	Change	Percent Change
Total Nonag. Wage & Salary	30,850	32,200	1,350	4.4%
Goods-producing	6,400	6,500	100	1.6
Mining	200	300	100	50.0
Construction	1,050	1,100	50	4.8
Manufacturing	5,150	5,150	0	0.0
Durable Goods	2,650	2,700	50	1.9
Lumber & Wood Products	2,550	2,550	0	0.0
Nondurable Goods	2,450	2,400	-50	-2.0
Seafood Processing	1,400	1,300	-100	-7.1
Pulp Mills	900	950	50	5.6
Service-producing	24,500	25,700	1,200	4.9
Transportation	2,250	2,350	100	4.4
Trade	4,850	5,200	350	7.2
Wholesale Trade	450	550	100	22.2
Retail Trade	4,400	4,600	200	4.5
Finance-Ins. & Real Estate	1,000	1,050	50	5.0
Services & Misc.	4,950	5,150	200	4.0
Government	11,450	12,000	550	4.8
Federal	1,950	2,050	100	5.1
State	5,150	5,450	300	5.8
Local	4,350	4,450	100	2.3

Benchmark March 1989

Source: Alaska Department of Labor, Research and Analysis Section

attributable to the cleanup's prime contractor and their subcontractors. A reasonable estimate for this component is 2,500 jobs **on an annual average basis**. This component reached a peak of more than 7,000 jobs at the height of activity, but the cleanup was at, or close to, this level only in June, July and August. September, May and April could be considered "shoulder" months where employment was less than in peak months, and by year-end direct oil-spill employment was reported to be less than 350 people.

The cleanup created more employment than the additional 2,500 jobs with the prime spill contractors and their subcontractors. How much additional employment was created indirectly such as more hotel workers, hardware store employees, air freight handlers and government employees? A generous multiplier for spill activity would be one indirect job created for each direct spill related job. That would place the total effect of the oil spill at around 5,000 jobs on an annual average basis. (That would also mean more than 14,000 during the peak months.)

Using this methodology, the oil spill would have caused an annual growth rate of about 2.5%. The annual growth rate for that portion of the economy not directly attributable to the cleanup would be about 3.9%. This points out that the oil spill was a significant positive economic influence in 1989, but it wasn't the only positive influence.

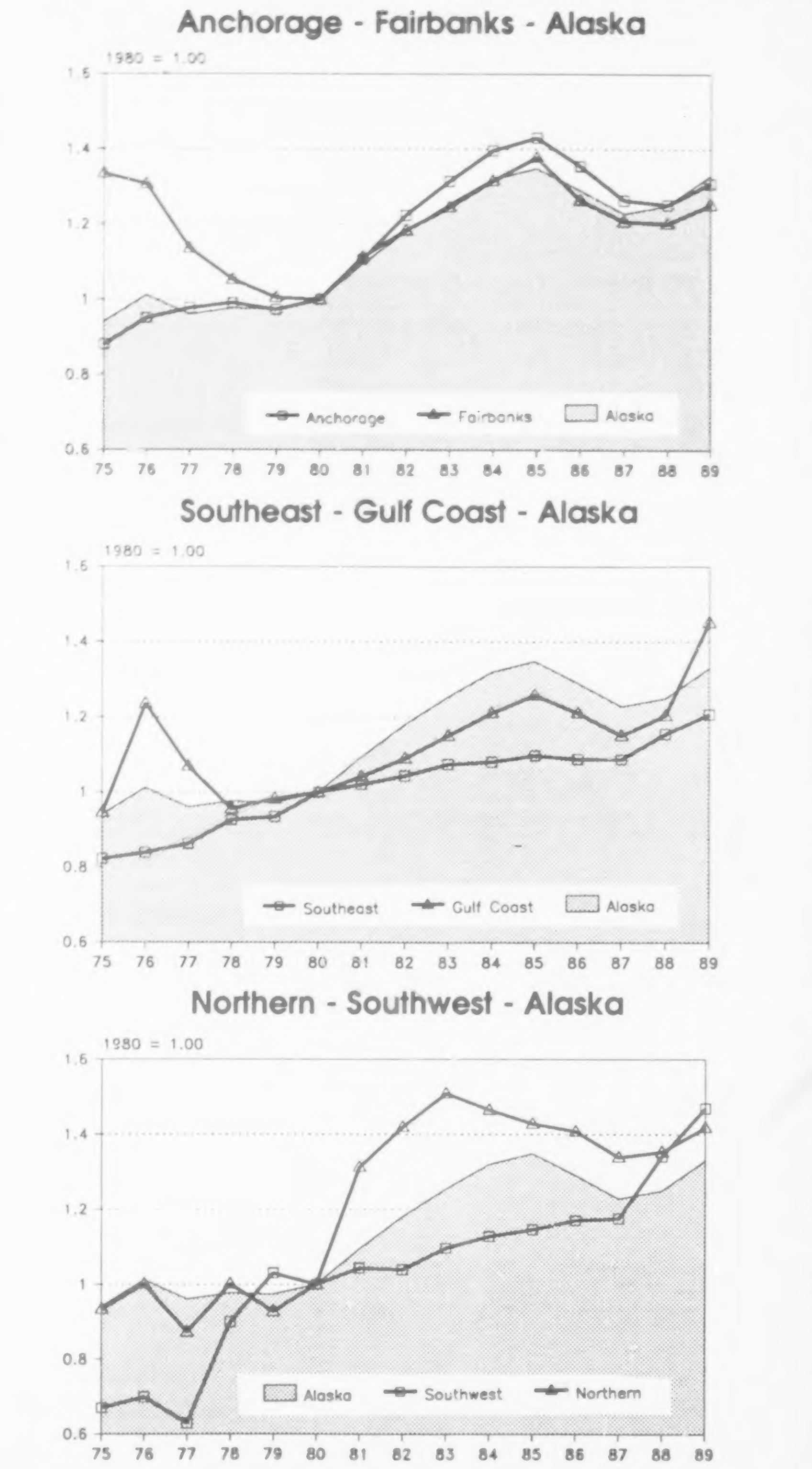
Gulf Coast Employment Was Skewed by Oil Spill in 1989

While oil spill workers had an influence over total statewide employment growth, Gulf Coast's employment numbers were skewed completely out of proportion. Gulf Coast's transportation employment grew 161% in 1989. (See Table 2.) The logistics of cleaning up the spill provided an economic shot in the arm for the entire region- from the Valdez-Cordova area southwest to the Kenai Peninsula and on to Kodiak Island. Jobs in retail trade and services shot up as cleanup staff needed lodging, meals, and merchandise.

Gulf Coast's economy was already growing at a 9% rate during the first

Figure 1

Nonag. Wage and Salary Employment Index 1975-1989



Source: Alaska Department of Labor, Research and Analysis Section

quarter of 1989, before the spill happened. But spill cleanup was the overwhelming reason Gulf Coast's employment grew 20.5% in 1989. Not surprisingly, the growth in Gulf Coast's employment is unmatched by any other year of the 1980s. (See Figure 1.)

Although it overshadowed other activity, the oil spill cleanup was not Gulf Coast's sole source of employment growth in 1989. Work continued on the Bradley Lake hydroelectric dam near Homer; a peak work force of 400 helped Gulf Coast construction grow by 200 jobs in 1989.

Gulf Coast's manufacturing sector matched construction's growth of 200 jobs. Seafood processing jobs make up three-fourths of manufacturing in Gulf Coast. But seafood processing was disrupted by the oil spill. The growth in manufacturing employment in 1989 can be attributed to increased timber activity on the Kenai Peninsula. Logging for export and for processing at the new sawmill in Seward pushed jobs up in 1989 and will continue to boost employment for years to come.

Anchorage Adds 4,550 Jobs to Economy

While the oil spill was the major story in the Gulf Coast region, it can't take all the credit for Anchorage's recovery. Renewed confidence was established in Anchorage's economy in 1989. Not only was 1989 the first time in four years that the economy grew, but it grew a respectable 4.5%. (See Figure 1.) This meant 4,550 more jobs in Anchorage in 1989 than in 1988. The last time Anchorage enjoyed this kind of economic expansion was during the 1983-85 boom, which most remember fondly as good years.

Why can't the oil spill take all of the credit for the turnaround? Because Anchorage's recovery was evident in late 1988, and just prior to the spill employment growth had accelerated to 2.4%. The recovery was a broad one, not concentrated in just a few industries. (See Table 2.) All but one major industry category either posted gains or remained steady at 1988 levels.

Service Industry was Anchorage's Star Performer

Anchorage's largest industry, services, enjoyed the biggest employment gain in 1989 with 2,000 new jobs. (See Table 2.) Included in services are hotels, legal, medical, engineering, personal, auto repair, business services, and private social services. Since Anchorage has a service-based economy, employment in the services industry is a good gauge of Anchorage's economic health.

One boost for services came from population growth. According to the Municipality of Anchorage, the city's population grew nearly 2,900 in 1989. This follows three years of declines in Anchorage's population. A strong 1989 tourism year also helped, particularly in the hotel/lodgings sector. Most hotels reported solid bookings during the entire visitor season and a record number of conventions and meetings bolstered the rest of the year. Although income figures for 1989 are not available for Anchorage, Alaska income figures for the year are registering strong growth. Indications are that Anchorage shared in the income growth. The overall health of the remainder of Anchorage industries is also an ingredient in the success of the service industry.

Federal Express Boosts Anchorage Air Transportation Industry

The big transportation story in Anchorage was the opening of Federal Express' $11 million package-sorting facility, making Anchorage one of the company's principal hubs. Federal Express' expansion meant more than 200 additional jobs in Anchorage in 1989. More importantly, it could mean many more in future years. Air cargo traffic was up a phenomenal 60% in the year ending June 1989, much of which was oil spill related. Water transportation also enjoyed a strong year as a result of oil spill activity.

Oil Industry Employment Shines for Second Year In A Row

Although mining employment's 250 gain represents a modest addition to Anchorage's employment, it is an important indicator of the local economy. Much of this increase is attributed to the industry's growing effort to recover more of the oil in already existing fields. Oil prices, up 36% in 1989 (North Slope Wellhead), have contributed to the growing oil recovery effort.

Anchorage Went On A Shopping Spree

Anchorage's recovery was evident in the retail sector as 1,000 additional jobs were created in the trade industry. Yes, there were more residents to buy things, but they are also spending more money--in many cases on big ticket items such as automobiles. Almost every auto dealer reported very strong sales in 1989, in contrast to the softening lower 48 market. This is just another indicator of confidence in the local economy. Most merchants reported an excellent Christmas season. And Anchorage's retailers probably would have hired additional workers if more had been available.

Construction Figures Are A Bit Misleading

The Anchorage construction picture in 1989 was a repeat of 1988, which was nothing to brag about. Valuation and permit data showed few signs of new life. The market remained awash in commercial and residential space. When more of this excess space is absorbed, the construction industry should begin to come back to life.

Remodel work, road construction and larger jobs on the military bases kept some contractors working. Most of the employment growth attributed to Anchorage was actually work that took place elsewhere in the state by companies headquartered in Anchorage.

Public Sector Was A Mixed Picture

At the local level, government employment did not grow. School district employment climbed slightly, but Municipality employment fell by an almost equal amount. This, however, represented an improvement over 1988 when overall employment at the local level fell 5%. State government employment posted the only growth in the public sector. The growth came both from the University and government operations. Federal government employment declined slightly.

The Financial Industry Continued Dropping — But Improved Over 1988

Banking employment in Anchorage took its last big tumble when Alliance Bank was shut down in April. By the end of the year a number of Anchorage-based banks, including National Bank of Alaska, First National of Anchorage, and Security Pacific Bank were recording healthy profits.

Even the real estate side of this industry began to climb out of the rubble left from the previous four years. The inventory of single-family homes was being absorbed and the condominium market was demonstrating some strong signs of life. Most of this industry's woes are now only a reflection of past economic problems and not what is happening at the present.

It Was A Good Year For Job Seekers

Many employers in Anchorage were actually having a difficult time finding enough help after years of being swamped with applicants. Anchorage newspapers "Help Wanted" ad columns were up 21%. And the city's unemployment rate fell to 5.1%, one of the lowest annual rates ever.

Fairbanks Gained 1,000 Jobs in 1989

In 1989, Fairbanks employment grew at a slower rate than Anchorage, (3.9% growth versus 4.5%) but that still meant an addition of more than 1,000 jobs. (See Table 2.) After three years of decline, job growth in 1989 approached that of the 1984-85 period. (See Figure 1.) Most of the increase was in the services-producing sector; there was a much smaller increase in the goods-producing sector. In fact, there would have been no increase on the goods-producing side of the economy if not for additional construction jobs in 1989. As expected, construction activity at the military bases did not match that of 1988, but a large new project — repair of the Trans-Alaska Pipeline — accounted for new construction jobs during the summer. Largely on the strength of this project, Fairbanks enjoyed a 10% increase in construction employment for the year.

In absolute numbers, government jobs accounted for the greatest employment gain in Fairbanks. Local government employment posted no change, while increasing state and federal employment pushed this sector's annual average above 1988's level by 6%. Two-thirds of the state employment increase was at the University of Alaska. Support for an enlarging military presence boosted federal employment by 300 in 1989.

In addition to government, nearly all of the service-producing industries in Fairbanks' economy grew in 1989. Employment in the finance-insurance and real estate industry remained the same as 1988, but transportation, trade and services all achieved some job growth.

Southeast — Second Straight Year of Healthy Growth

The service-producing industries were also responsible for Southeast Alaska posting impressive employment gains. The region's employment increase of 4.5% was not as large as the prior year, but most economy watchers did not expect it to be.(See Figure 1.)

In addition to being smaller than 1988's employment gain, the region's 4.5% growth in 1989 was different from the 6% gain of the previous year. (See Table 2.) The earlier gain was predominantly in the manufacturing sector. For 1989, manufacturing employment held even, with slight gains in the timber industry nearly offsetting a downward movement in seafood processing employment. Mining and construction helped push Southeast employment higher, but the largest increases were seen in the service-producing industries. Service-producing employment makes up nearly 80% of all Southeast employment. These industries seemed to be playing catch-up to prior gains in the goods-producing industries. The gains of 1988, and the influx of new money in the economy, provided room for expansion of the service-producing industries.

In the private sector, Southeast's trade industry showed the largest employment increases. A growth rate of over 7% meant 350 new jobs in the region — 250 in retail trade and an amazing 100 new jobs in wholesale. Services added 200 jobs to the economy, a gain of over 4%. Finance-insurance and real estate and transportation shared in the employment gains, with gains of 50 and 100, respectively.

In 1988, Southeast's public sector lagged behind the private sector in employment gains. In 1989, public sector employment increased 5.1%. State and federal government grew by an equal amount, 6.2% for the year. With increases in local government employment added in, the region saw 600 new jobs in the public sector last year.

Mining Jobs Created Growth in Northern Region

Government and mining jobs account for two-thirds of the Northern region's wage and salary employment. (See Table 2.) Unlike the urban areas of the state, there are few federal and state government jobs in this region. Most public sector jobs are with local governments and school districts.

Workers on the North Slope make up more than 90% of total mining employment in the northern region. The 5.5% increase in northern's mining employment in 1989 was due to increased activity by the oil operators on the North Slope. New gas handling facilities are being built to deal with the increasing amount of gas pumped up with the decreasing amount of oil.

Hard rock mining accounts for a tiny portion of the mining jobs in the Northern region. But the huge Red Dog lead and zinc mine opened late in 1989; with up to 300 new mining jobs at Red

Dog, hard rock mining employment should double next year. The Red Dog project accounted for additional construction employment during 1989, and indirectly boosted employment in the service-producing sector.

Seafood Processing Jobs Increased 30% in Southwest Region

Southwest's boom can be summed up in three words: bottomfish, bottomfish, bottomfish. The seafood processing industry in Southwest continued to expand in 1989; annual average employment grew almost 1,000 from a 1988 base of 3,150. (See Table 2.) Gulf Coast, Southeast and Anchorage all lost employment in this industry in 1989, but the growth in Southwest's seafood processing industry made up for the decline elsewhere. Two new plants are under construction at Dutch Harbor, along with a new port at St. Paul, to help the region's booming seafood industry.

Southwest Alaska had a good salmon season as well; unlike Gulf Coast, Southwest's harvest wasn't affected by the oil spill. Several military construction projects also contributed to a good year for Southwest Alaska.

Summary: '89 Not Just The Year of The Spill

In 1989 Alaska's economy posted 6.4% employment growth and an unemployment rate that shattered all previous lows. But to the surprise of some, not all of the economic good news was due to the oil spill cleanup effort. An expanding mining industry, a reviving construction industry, a bottomfish boom, a successful timber industry, a new air freight operation, and a retail and service sector boom were all part of the economic landscape during 1989. The oil spill cleanup made a significant contribution to Alaska's economy in 1989, but to brand it as the only tonic that cured an ailing Alaskan economy would be an overstatement.

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On the Annual Benchmark Revision

By John Boucher

Employment Data Revised for Last 24 Months

In January of every year, nonagricultural wage and salary employment estimates are revised by a procedure referred to as **benchmarking**. Normally, the estimates are revised for the previous 18 months; however, the 1989 benchmark revised the data for the previous 24 months. The revision of employment estimates for all of 1988 and 1989 was just completed and are published in this issue of *Trends*. (See Tables 1-18).

Monthly Job Estimates Based On Employer Sampling

The monthly employment estimates published in this magazine are based on a sample of employers. Current monthly employment is estimated using this sample of approximately 1,300 firms. The firms voluntarily participate in the Department of Labor's (DOL) Current Employment Statistics (CES) program. The firms' data allow DOL economists to produce reliable and timely estimates on both the direction and the magnitude of movement of nonagricultural wage and salary employment.

Table 1

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	195,400	199,100	202,600	207,200	212,500	222,300	230,000	229,400	226,900	217,200	211,200	210,400	213,700
Goods-producing	24,400	25,800	28,200	30,000	32,600	38,500	45,600	44,300	39,400	33,900	30,400	28,800	33,500
Mining	8,100	8,600	9,100	9,400	9,500	10,400	10,100	10,300	10,100	10,200	9,600	9,600	9,600
Construction	6,800	6,800	7,000	7,800	8,800	9,900	10,900	11,500	11,400	10,500	8,700	7,400	9,000
Manufacturing	9,500	10,400	12,100	12,800	14,300	18,200	24,600	22,500	17,900	13,200	12,100	11,800	15,000
Durable Goods	1,800	2,200	2,900	3,300	3,600	4,000	4,000	4,200	4,200	4,000	3,800	3,400	3,500
Lumber & Wood Products	1,300	1,700	2,300	2,600	2,800	3,100	3,200	3,400	3,400	3,200	3,100	2,700	2,700
Nondurable Goods	7,700	8,200	9,200	9,500	10,700	14,200	20,600	18,300	13,700	9,200	8,300	8,400	11,500
Seafood Processing	4,300	4,800	5,700	6,100	7,200	10,500	16,900	14,600	10,000	5,600	4,700	4,800	7,900
Pulp Mills	900	800	800	900	900	900	900	900	1,000	900	900	900	900
Service-producing	171,000	173,300	174,400	177,200	179,900	183,800	184,400	185,100	187,500	183,300	180,800	181,600	180,200
Transportation	16,100	16,300	16,500	16,300	17,100	18,300	18,600	18,800	18,500	17,700	17,200	17,200	17,400
Trucking & Warehousing	2,100	2,200	2,300	2,000	2,100	2,300	2,200	2,300	2,300	2,100	2,100	2,200	2,200
Water Transportation	800	800	900	800	1,100	1,100	1,400	1,300	1,200	1,000	1,000	900	1,000
Air Transportation	5,100	5,100	5,100	5,200	5,400	5,800	6,000	6,000	5,700	5,700	5,700	5,700	5,500
Communications	3,300	3,300	3,300	3,200	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Trade	38,800	38,500	39,100	40,500	42,300	44,400	45,100	45,200	44,200	41,900	41,800	42,300	42,000
Wholesale Trade	7,000	7,000	7,100	7,200	7,500	7,900	8,200	8,100	7,800	7,500	7,300	7,300	7,500
Retail Trade	31,800	31,500	32,000	33,300	34,800	36,500	36,900	37,100	36,400	34,400	34,500	35,000	34,500
Gen. Merch. & Apparel	4,700	4,500	4,600	4,600	4,700	5,000	5,400	5,400	5,300	5,200	5,400	5,700	5,000
Food Stores	5,800	5,700	5,900	5,900	6,100	6,400	6,400	6,400	6,500	6,300	6,300	6,400	6,200
Eating & Drinking Places	11,400	11,500	11,700	12,500	13,200	13,900	13,800	13,900	13,500	12,200	12,000	11,900	12,600
Finance-Ins. & Real Estate	10,800	10,800	10,800	10,600	10,600	10,700	10,700	10,700	10,600	10,700	10,500	10,600	10,700
Services & Misc.	40,400	41,000	41,200	42,200	43,200	45,100	46,700	46,700	45,900	44,200	43,300	43,400	43,600
Hotels & Lodging Places	3,900	3,700	3,900	4,100	4,600	5,700	6,600	6,200	5,600	4,500	4,200	4,000	4,800
Government	64,900	66,700	66,800	67,600	66,700	65,300	63,300	63,700	68,300	68,800	68,000	68,100	66,500
Federal	17,700	17,700	17,500	17,600	17,800	18,300	18,400	18,300	18,100	17,900	17,500	17,800	17,900
State	18,000	19,200	19,500	19,900	18,700	18,800	18,500	18,600	20,500	20,600	20,400	20,000	19,400
Local	29,200	29,800	29,800	30,100	30,200	28,200	26,400	26,800	29,700	30,300	30,100	30,300	29,200

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989.

Source: Alaska Department of Labor, Research and Analysis Section

Employment Estimates Incorporate Latest UI Tax Data

The most comprehensive count of nonagricultural wage and salary employment is based on Unemployment Insurance (UI) tax reports, (commonly referred to as the Quarterly Report of Employment and Wages, or the ES-202 report.) However, ES-202 data are not incorporated into the current employment estimates because there is a six-to-nine month lag in collection and publication of this information. The January 1990 benchmark process, though, incorporates the most recent ES-202 data available.

During the benchmark, revised estimates were calculated through December 1989. These estimates incorporate ES-202 data through June 1989. The remaining six months of 1989 were reestimated using an augmented CES sample. The new sample incorporates additional employer information not available at the time the original estimate was generated.

1989 Benchmark Incorporates 1987 SIC Code Revision

In January of 1988, the U.S. Department of Labor, Bureau of Labor Statistics, instituted a revised Standard Industrial Classification (SIC) coding scheme. The SIC coding process assigns every business establishment a code based on their primary business activity. This code identifies the industry into which an employer's employment and wages are assigned. The estimates released in this publication are the first compilation of industry employment estimates produced using employer data based on the 1987 SIC revision.

Code Change Did Not Force Series Breaks

Fortunately, the 1987 SIC code revision had little or no effect on the published estimates. The vast majority of SIC code changes occurred within the boundaries of published industries rather than across published industry boundaries. In the assessment of the Alaska Department of Labor and the U.S. Bureau of Labor Statistics, **no series breaks occurred in the employment data series.** Therefore, for every published data series, employment data prior to 1988 may be used with employment data after 1988 with no change in definition for the series.

Table 2

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	202,200	207,100	211,300	218,900	229,300	241,500	249,000	249,100	243,700	230,900	223,600	221,200	227,300
Goods-producing	26,500	28,200	30,300	32,800	36,300	41,700	48,300	46,800	41,800	36,200	32,400	29,600	35,900
Mining	9,200	9,500	9,700	9,700	9,900	10,400	10,500	10,600	10,600	10,600	10,400	9,900	10,100
Construction	6,600	6,600	7,100	8,300	10,000	11,600	12,500	12,700	12,900	11,800	9,500	8,100	9,800
Manufacturing	10,700	12,100	13,500	14,800	16,400	19,700	25,300	23,500	18,300	13,800	12,500	11,600	16,000
Durable Goods	2,100	2,400	3,100	3,500	4,200	4,500	4,500	4,600	4,500	4,200	4,000	3,000	3,700
Lumber & Wood Products	1,500	1,800	2,400	2,700	3,300	3,600	3,600	3,600	3,600	3,400	3,200	2,300	2,900
Nondurable Goods	8,600	9,700	10,400	11,300	12,200	15,200	20,800	18,900	13,800	9,600	8,500	8,600	12,300
Seafood Processing	5,100	6,100	6,800	7,700	8,500	11,300	17,000	15,100	10,100	5,900	4,900	4,900	8,600
Pulp Mills	900	900	900	900	1,000	1,000	1,000	1,000	900	900	900	900	900
Service-producing	175,700	178,900	181,000	186,100	193,000	199,800	200,700	202,300	201,900	194,700	191,200	191,600	191,400
Transportation	16,300	16,400	16,700	19,000	22,200	24,900	26,000	26,400	23,300	19,800	18,900	18,600	20,700
Trucking & Warehousing	2,000	2,000	2,000	2,200	2,400	2,600	2,600	2,600	2,500	2,400	2,300	2,300	2,300
Water Transportation	800	1,000	1,000	1,100	1,400	1,700	1,700	1,900	1,800	1,400	1,200	1,200	1,400
Air Transportation	5,400	5,300	5,500	5,600	6,000	6,500	6,700	6,800	6,500	6,300	6,300	6,300	6,100
Communications	3,100	3,100	3,100	3,200	3,200	3,200	3,300	3,200	3,200	3,200	3,200	3,200	3,200
Trade	40,200	40,200	41,100	42,200	44,500	46,900	47,500	47,300	46,600	45,100	44,400	44,900	44,200
Wholesale Trade	7,200	7,200	7,300	7,600	8,000	8,400	8,700	8,600	8,300	8,100	7,900	7,900	7,900
Retail Trade	33,000	33,000	33,800	34,600	36,500	38,500	38,800	38,700	38,300	37,000	36,500	37,000	36,300
Gen. Merch. & Apparel	4,900	4,800	4,900	5,000	5,300	5,400	5,600	5,600	5,600	5,700	6,100	6,300	5,400
Food Stores	6,000	5,900	6,200	6,300	6,400	6,700	6,600	6,700	6,700	6,700	6,600	6,600	6,500
Eating & Drinking Places	11,600	11,800	12,000	12,400	13,200	14,300	14,300	14,300	14,200	13,100	12,300	12,300	13,000
Finance-Ins. & Real Estate	10,400	10,400	10,300	10,300	10,300	10,600	10,600	10,600	10,600	10,500	10,600	10,500	10,500
Services & Misc.	42,700	43,500	43,800	45,000	47,100	49,800	50,600	50,900	49,800	47,800	46,800	46,900	47,100
Hotels & Lodging Places	3,900	4,000	4,200	4,400	4,900	6,200	6,500	6,500	5,900	5,000	4,500	4,500	5,000
Government	66,100	68,400	69,100	69,600	68,900	67,600	66,000	67,100	71,600	71,500	70,500	70,700	68,900
Federal	17,500	17,500	17,700	17,700	18,100	18,800	19,000	19,000	18,900	18,700	18,600	19,000	18,400
State	19,000	20,700	20,800	21,100	19,900	20,100	20,300	20,300	22,100	21,900	21,400	21,200	20,700
Local	29,600	30,200	30,600	30,800	30,900	28,700	26,700	27,800	30,600	30,900	30,500	30,500	29,800

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989.

Source: Alaska Department of Labor, Research and Analysis Section

Six New Series Produced

The 1989 benchmark brings several changes in the reported data. Beginning with these numbers, six new categories of industry employment are reported. They are:

Goods- producing Industries
Service-producing Industries
Durable Goods Manufacturing
Nondurable Goods Manufacturing
Lumber & Wood Products
Pulp Mills

The addition of four of the new published series makes Alaska's published estimates conform to national standards set by the U.S. Department of Labor. These four series are the "Goods-producing," "Service-producing," "Durable Goods," and "Nondurable Goods" employment series. "Goods-producing" employment is simply an aggregation of employment in Mining, Construction, and Manufacturing while "Service-producing" is an aggregation of the five remaining major industries. Prior to the 1989 benchmark, Alaska was the only state in the nation which did not produce an estimate for durable and nondurable manufacturing employment. This discrepancy has been corrected with the release of the 1989 benchmark data.

Two other new series, "Lumber and Wood Products" and "Pulp Mills" are a result of publishing durable and nondurable manufacturing employment. Previously, all timber industry activity was combined into an industry estimate called "Lumber and Paper Products," an unacceptable combination of durable and nondurable manufacturing employment according to national standards. Rather than doing away with estimates for the timber industry, the durable and nondurable portions of the industry were put into separate published time series. The result is two new series: "Lumber and Wood Products" combines primarily logging and sawmill activity and "Pulp Mills" is the employment for Alaska's two pulp mills. 1/

Residual and Lumber and Paper Series Dropped

For a variety of reasons, four series will no longer be published with the estimates appearing in *Alaska Economic Trends*. They are:

Lumber and Paper Products
All Other Manufacturing
All Other Transportation
All Other Retail Trade

(continued on page 10)

Tables 3 & 4

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Southeast Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	26,050	27,000	28,700	30,000	31,050	32,500	34,150	34,850	34,200	31,500	30,400	29,900	30,850
Goods-producing	3,800	4,250	5,550	6,150	6,450	7,100	8,350	8,800	8,050	6,600	6,100	5,400	6,400
Mining	150	150	200	150	200	200	200	200	200	150	200	200	200
Construction	700	750	950	1,000	1,100	1,100	1,300	1,300	1,300	1,250	1,100	900	1,050
Manufacturing	2,950	3,350	4,400	5,000	5,150	5,800	6,850	7,300	6,550	5,200	4,800	4,300	5,150
Durable Goods	1,250	1,700	2,300	2,650	2,850	3,100	3,050	3,250	3,250	3,050	3,000	2,600	2,650
Lumber & Wood Products	1,200	1,600	2,200	2,550	2,700	3,000	2,950	3,100	3,100	2,950	2,850	2,450	2,550
Nondurable Goods	1,700	1,650	2,100	2,350	2,300	2,700	3,800	4,050	3,300	2,150	1,800	1,700	2,450
Seafood Processing	700	650	1,100	1,300	1,250	1,600	2,700	2,900	2,200	1,100	750	650	1,400
Pulp Mills	850	850	850	900	900	900	950	950	950	900	900	900	900
Service-producing	22,250	22,750	23,150	23,850	24,600	25,400	25,800	26,050	26,150	24,900	24,300	24,500	24,500
Transportation	1,850	1,900	2,000	2,050	2,250	2,600	2,650	2,600	2,550	2,250	2,100	2,150	2,250
Trade	4,200	4,200	4,300	4,550	4,900	5,100	5,450	5,600	5,350	4,900	4,750	4,900	4,850
Wholesale Trade	400	400	400	450	450	450	500	550	500	550	500	500	450
Retail Trade	3,800	3,800	3,900	4,100	4,450	4,650	4,950	5,050	4,850	4,350	4,250	4,400	4,400
Finance-Ins. & Real Estate	1,000	1,050	1,050	1,050	1,000	1,050	1,000	1,000	1,000	1,000	1,000	1,050	1,000
Services & Misc.	4,300	4,400	4,500	4,650	4,900	5,250	5,450	5,550	5,450	5,050	4,850	4,850	4,950
Government	10,900	11,200	11,300	11,550	11,550	11,400	11,250	11,300	11,800	11,700	11,600	11,550	11,450
Federal	1,900	1,850	1,850	1,900	2,000	2,100	2,050	2,050	2,000	1,950	1,900	2,000	1,950
State	4,850	5,050	5,100	5,200	5,100	5,100	5,100	5,100	5,350	5,250	5,250	5,100	5,150
Local	4,150	4,300	4,350	4,450	4,450	4,200	4,100	4,150	4,450	4,500	4,450	4,450	4,350

Southeast Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	27,650	28,500	29,500	31,300	32,600	34,350	35,500	36,400	35,650	33,050	31,700	30,450	32,200
Goods-producing	4,000	4,300	5,100	6,350	6,750	7,600	8,550	9,050	8,150	6,900	6,100	5,150	6,500
Mining	250	250	250	250	300	300	300	300	300	300	300	300	300
Construction	700	700	850	1,050	1,100	1,200	1,350	1,450	1,400	1,300	1,050	950	1,100
Manufacturing	3,050	3,350	4,000	5,050	5,350	6,100	6,900	7,300	6,450	5,300	4,750	3,900	5,150
Durable Goods	1,400	1,700	2,350	2,600	3,050	3,250	3,250	3,350	3,300	3,200	2,950	2,150	2,700
Lumber & Wood Products	1,250	1,550	2,200	2,400	2,900	3,100	3,100	3,200	3,150	3,050	2,800	2,000	2,550
Nondurable Goods	1,650	1,650	1,650	2,450	2,300	2,850	3,650	3,950	3,150	2,100	1,800	1,750	2,400
Seafood Processing	600	550	600	1,350	1,150	1,650	2,500	2,800	2,050	1,050	700	650	1,300
Pulp Mills	900	900	900	900	950	1,000	1,000	950	900	900	900	950	950
Service-producing	23,650	24,200	24,400	24,950	25,850	26,750	26,950	27,350	27,500	26,150	25,600	25,300	25,700
Transportation	1,900	2,000	2,050	2,050	2,350	2,750	2,750	2,800	2,700	2,400	2,200	2,200	2,350
Trade	4,600	4,650	4,700	4,850	5,200	5,650	5,800	5,800	5,650	5,200	5,100	5,050	5,200
Wholesale Trade	450	450	450	500	600	600	650	650	650	600	600	600	550
Retail Trade	4,150	4,200	4,250	4,350	4,600	5,050	5,150	5,150	5,000	4,600	4,500	4,450	4,600
Finance-Ins. & Real Estate	950	1,000	1,000	1,050	1,100	1,050	1,100	1,100	1,100	1,100	1,100	1,050	1,050
Services & Misc.	4,600	4,700	4,750	4,900	5,150	5,450	5,600	5,700	5,600	5,150	5,100	5,000	5,150
Government	11,600	11,850	11,900	12,100	12,050	11,850	11,700	11,950	12,450	12,300	12,100	12,000	12,000
Federal	1,850	1,850	1,900	1,950	2,050	2,200	2,250	2,250	2,250	2,150	2,050	2,100	2,050
State	5,300	5,450	5,450	5,500	5,400	5,450	5,350	5,450	5,650	5,550	5,450	5,350	5,450
Local	4,450	4,550	4,550	4,650	4,600	4,200	4,100	4,250	4,550	4,600	4,600	4,550	4,450

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

Tables 5 & 6

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Anchorage-MatSu Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	101,950	102,950	103,850	104,400	106,150	108,450	109,700	110,000	110,150	108,700	106,850	107,100	106,700
Goods-producing	8,750	8,750	8,900	9,200	9,950	11,000	12,100	12,400	11,500	11,200	9,650	9,150	10,200
Mining	3,100	3,200	3,300	3,250	3,300	3,400	3,450	3,550	3,550	4,050	3,500	3,500	3,450
Construction	3,800	3,700	3,700	4,000	4,500	4,950	5,500	5,800	5,550	5,150	4,200	3,750	4,550
Manufacturing	1,850	1,850	1,900	1,950	2,150	2,650	3,150	3,050	2,400	2,000	1,950	1,900	2,250
Service-producing	93,200	94,200	94,950	95,200	96,200	97,450	97,600	97,600	98,650	97,500	97,200	97,950	96,500
Transportation	9,500	9,550	9,800	9,450	9,800	10,050	10,300	10,250	10,200	10,000	9,950	10,000	9,900
Trade	24,300	24,100	24,450	24,900	25,550	26,350	26,550	26,700	26,600	25,800	26,150	26,450	25,650
Finance-Ins. & Real Estate	7,600	7,700	7,750	7,500	7,500	7,500	7,450	7,450	7,350	7,400	7,300	7,400	7,500
Services & Misc.	24,150	24,600	24,750	25,100	25,550	26,200	26,550	26,400	26,400	26,000	25,700	25,800	25,600
Government	27,650	28,250	28,200	28,250	27,800	27,350	26,750	26,800	28,100	28,300	28,100	28,300	27,800
Federal	10,550	10,450	10,350	10,300	10,300	10,450	10,500	10,450	10,350	10,250	10,150	10,300	10,350
State	7,050	7,650	7,750	7,850	7,250	7,500	7,150	7,200	8,100	8,100	8,050	8,000	7,650
Local	10,050	10,150	10,100	10,100	10,250	9,400	9,100	9,150	9,650	9,950	9,900	10,000	9,800

Anchorage-MatSu Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	104,200	105,650	106,650	108,100	110,950	114,200	115,350	116,400	117,150	115,350	112,550	112,450	111,600
Goods-producing	8,900	9,100	9,350	10,050	11,050	11,950	13,050	13,300	12,650	11,800	10,150	9,500	10,900
Mining	3,600	3,700	3,750	3,750	3,650	3.600	3,650	3,750	3,700	3,650	3,500	3,500	3,650
Construction	3,450	3,550	3,700	4,300	5,200	5,800	6,450	6,650	6,500	6,050	4,650	4,000	5,050
Manufacturing	1,850	1,850	1,900	2,000	2,200	2,550	2,950	2,900	2,450	2,100	2,000	2,000	2,250
Service-producing	95,300	96,550	97,300	98,050	99,900	102,250	102,300	103,100	104,500	103,550	102,400	102,950	100,700
Transportation	9,350	9,450	9,550	9,950	10,550	11,200	11,450	11,550	11,600	11,250	10,800	10,950	10,650
Trade	25,400	25,300	25,750	25,950	26,800	27,600	27,700	27,900	27,850	27,800	27,500	27,750	26,950
Finance-Ins. & Real Estate	7,300	7,350	7,250	7,200	7,000	7,150	7,200	7,300	7,300	7,200	7,250	7,250	7,250
Services & Misc.	25,600	26,150	26,250	26,500	27,700	28,850	28,850	29,100	28,850	28,400	27,950	27,950	27,700
Government	27,650	28,300	28,500	28,450	27,850	27,450	27,100	27,250	28,900	28,900	28,900	29,050	28,200
Federal	10,250	10,200	10,250	10,050	10,100	10,350	10,250	10,300	10,150	10,350	10,300	10,450	10,250
State	7,450	8,150	8,200	8,350	7,650	7,650	7,600	7,550	8,600	8,600	8,600	8,550	8,100
Local	9,950	9,950	10,050	10,050	10,100	9,450	9,250	9,400	10,150	9,950	10,000	10,050	9,850

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

The introduction of two new series for the timber industry made the old "Lumber and Paper Products" series obsolete. For those who want to continue to keep the old data series intact, adding the two new series together will result in a reasonable total for the discontinued series.

In addition to "Lumber and Paper Products," three other series were dropped from further publication. The three series which represented residual totals- "All Other Manufacturing," "All Other Transportation," and "All Other Retail" were dropped for two reasons. First, in and of themselves, they are not meaningful time series. The addition of new industry categories often redefines these residual series and often results in series breaks. This renders any time series analysis useless. Second, it is still possible to arrive at these figures. "All Other Transportation," for example, can be arrived at by subtracting the four subtotals in the transportation industry from the transportation grand total. So while these series may have disappeared from the published tables, some simple math makes them available to the user.

Estimates Understated Growth

The original estimates tracked the benchmarked employment numbers fairly accurately as to the trend employment was taking during the last half of 1988 and 1989, but the estimates underestimated the magnitude of Alaska's recovery. (See Figure 1.)

On an annual average basis, employment increased 6.4% from 1988 to 1989. The original estimates pegged the annual employment growth gain at 4.5%. The majority of the underestimation occurred in three industries: Transportation, Trade, and

(continued on page 12)

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Anchorage Borough 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	96,000	96,850	97,650	98,000	99,500	101,850	103,200	103,450	103,300	102,050	100,300	100,500	**100,200**
Goods-producing	8,500	8,450	8,500	8,850	9,550	10,550	11,650	11,900	11,050	10,750	9,250	8,700	**9,800**
Mining	3,000	3,100	3,200	3,150	3,200	3,300	3,350	3,450	3,450	3,900	3,400	3,350	**3,300**
Construction	3,700	3,550	3,550	3,850	4,300	4,750	5,300	5,550	5,300	4,950	4,000	3,550	**4,350**
Manufacturing	1,800	1,800	1,750	1,850	2,050	2,500	3,000	2,900	2,300	1,900	1,850	1,800	**2,150**
Service-producing	87,500	88,400	89,150	89,150	89,950	91,300	91,550	91,550	92,250	91,300	91,050	91,800	**90,400**
Transportation	8,850	8,900	9,150	8,800	9,150	9,500	9,750	9,700	9,500	9,300	9,250	9,350	**9,250**
Trucking & Warehousing	1,350	1,450	1,550	1,200	1,250	1,300	1,300	1,350	1,350	1,250	1,250	1,350	**1,[illegible]50**
Water Transportation	250	250	300	250	350	250	350	300	300	250	300	250	**[illegible]00**
Air Transportation	3,150	3,150	3,200	3,250	3,350	3,550	3,650	3,600	3,400	3,500	3,500	3,[illegible]00	**3,400**
Communications	1,800	1,800	1,800	1,800	1,800	1,800	1,850	1,850	1,850	1,800	1,800	1,800	**1,800**
Trade	22,950	22,750	23,100	23,400	23,950	24,750	24,850	25,050	25,000	24,300	24,650	24,900	**24,150**
Wholesale Trade	5,400	5,350	5,400	5,450	5,600	5,750	5,800	5,800	5,800	5,600	5,600	5,550	**5,600**
Retail Trade	17,550	17,400	17,700	17,950	18,350	19,000	19,050	19,250	19,200	18,700	19,050	19,350	**18,550**
Gen. Merch. & Apparel	2,400	2,300	2,300	2,300	2,350	2,500	2,750	2,750	2,800	2,650	2,900	3,000	**2,600**
Food Stores	2,800	2,750	2,900	2,750	2,750	3,000	2,850	2,900	3,050	2,950	2,950	3,100	**2,900**
Eating & Drinking Places	7,050	7,100	7,200	7,400	7,550	7,700	7,750	7,800	7,650	7,450	7,400	7,400	**7,450**
Finance-Ins. & Real Estate	7,200	7,300	7,350	7,100	7,050	7,100	7,050	7,000	6,950	7,000	6,900	7,000	**7,100**
Services & Misc.	23,150	23,550	23,700	24,050	24,400	24,950	25,250	25,100	25,050	24,800	24,550	24,650	**24,450**
Hotels & Lodging Places	2,150	2,100	2,150	2,150	2,100	2,400	2,800	2,500	2,350	2,100	2,100	2,150	**2,250**
Government	25,350	25,900	25,850	25,800	25,400	25,000	24,650	24,700	25,750	25,900	25,[illegible]00	25,900	**25,500**
Federal	10,450	10,350	10,250	10,200	10,200	10,350	10,400	10,350	10,200	10,150	10,050	10,150	**10,250**
State	6,300	6,900	6,950	7,050	6,500	6,750	6,400	6,450	7,250	7,300	7,250	7,200	**6,850**
Local	8,600	8,650	8,650	8,550	8,700	7,900	7,850	7,900	8,300	8,450	8,400	8,550	**8,400**

Anchorage Borough 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	97,900	99,300	100,300	101,500	104,200	107,150	108,150	109,200	109,800	108,200	105,900	105,650	**104,750**
Goods-producing	8,550	8,750	9,050	9,650	10,600	11,450	12,400	12,650	12,100	11,350	9,800	9,200	**10,450**
Mining	3,500	3,550	3,650	3,600	3,500	3,450	3,450	3,550	3,550	3,550	3,500	3,500	**3,550**
Construction	3,300	3,400	3,550	4,100	5,000	5,550	6,200	6,350	6,250	5,800	4,400	[illegible],800	**4,800**
Manufacturing	1,750	1,800	1,850	1,950	2,100	2,450	2,750	2,750	2,300	2,000	1,900	1,900	**2,150**
Service-producing	89,350	90,550	91,250	91,850	93,600	95,700	95,750	96,550	97,700	96,850	96,100	96,450	**94,300**
Transportation	8,700	8,800	8,950	9,300	9,900	10,650	10,900	11,000	10,850	10,450	10,150	10,250	**10,000**
Trucking & Warehousing	1,150	1,200	1,250	1,350	1,400	1,550	1,500	1,500	1,500	1,400	1,400	1,400	**1,400**
Water Transportation	150	200	200	250	350	350	350	400	400	300	300	350	**300**
Air Transportation	3,300	3,300	3,400	3,450	3,650	3,950	4,150	4,200	4,050	3,950	3,900	3,900	**3,750**
Communications	1,750	1,750	1,750	1,800	1,800	1,800	1,850	1,850	1,850	1,850	1,800	1,850	**1,800**
Trade	23,950	23,850	24,300	24,450	25,250	25,950	25,750	25,950	26,100	26,050	25,900	26,000	**25,300**
Wholesale Trade	5,500	5,500	5,600	5,750	5,950	6,100	6,150	6,150	6,100	6,050	6,000	5,950	**5,900**
Retail Trade	18,450	18,350	18,700	18,700	19,300	19,850	19,600	19,800	20,000	20,000	19,900	20,050	**19,400**
Gen. Merch. & Apparel	2,550	2,450	2,500	2,500	2,700	2,650	2,750	2,750	2,800	2,900	2,950	3,000	**2,700**
Food Stores	2,950	2,900	3,000	2,950	2,950	3,050	3,000	3,100	3,100	3,150	3,150	3,250	**3,050**
Eating & Drinking Places	7,250	7,300	7,450	7,400	7,550	7,900	7,900	8,000	8,050	7,850	7,650	7,450	**7,650**
Finance-Ins. & Real Estate	6,900	6,950	6,850	6,800	6,550	6,700	6,750	6,850	6,850	6,800	6,800	6,800	**6,800**
Services & Misc.	24,500	25,000	25,100	25,350	26,400	27,450	27,450	27,700	27,500	27,100	26,800	26,800	**26,450**
Hotels & Lodging Places	2,100	2,150	2,200	2,150	2,100	2,400	2,550	2,550	2,450	2,350	2,350	2,400	**2,300**
Government	25,300	25,950	26,050	25,950	25,500	24,950	24,900	25,050	26,400	26,450	26,450	26,600	**25,800**
Federal	10,150	10,100	10,100	9,900	10,000	10,250	10,150	10,150	10,050	10,250	10,200	10,350	**10,150**
State	6,650	7,350	7,400	7,500	6,900	6,850	6,750	6,750	7,700	7,750	7,800	7,750	**7,250**
Local	8,500	8,500	8,550	8,550	8,600	7,850	8,000	8,150	8,650	8,450	8,450	8,500	**8,400**

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

Tables 9 & 10

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Gulf Coast Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	16,750	17,000	17,450	17,950	19,500	21,850	24,750	24,250	22,700	19,850	19,100	18,950	20,000
Goods-producing	3,550	3,700	4,000	4,050	4,800	6,300	9,400	8,800	7,200	5,050	4,600	4,400	5,500
Mining	750	800	800	800	850	850	950	900	850	800	850	900	850
Construction	600	600	650	700	800	950	1,050	1,150	1,250	1,150	1,050	900	900
Manufacturing	2,200	2,300	2,550	2,550	3,150	4,500	7,400	6,750	5,100	3,100	2,700	2,600	3,750
Seafood Processing	1,600	1,700	1,900	1,950	2,550	3,850	6,700	5,950	4,300	2,300	1,850	1,800	3,050
Service-producing	13,200	13,300	13,450	13,900	14,700	15,550	15,350	15,450	15,500	14,800	14,500	14,550	14,500
Transportation	1,300	1,300	1,300	1,300	1,350	1,550	1,550	1,550	1,500	1,450	1,450	1,350	1,400
Trade	3,150	3,150	3,150	3,350	3,750	4,050	4,100	4,000	3,650	3,250	3,200	3,250	3,500
Wholesale Trade	450	450	450	450	550	650	750	650	550	450	450	450	550
Retail Trade	2,700	2,700	2,700	2,900	3,200	3,400	3,350	3,350	3,100	2,800	2,750	2,800	3,000
Finance-Ins. & Real Estate	550	500	550	550	550	550	550	550	550	550	550	550	550
Services & Misc.	3,000	3,000	3,000	3,150	3,450	3,850	4,000	4,050	3,950	3,650	3,500	3,500	3,500
Government	5,200	5,350	5,450	5,550	5,600	5,550	5,150	5,300	5,850	5,900	5,800	5,900	5,550
Federal	500	500	500	500	550	600	600	600	550	550	500	550	550
State	1,400	1,500	1,550	1,600	1,550	1,600	1,600	1,650	1,850	1,850	1,800	1,750	1,650
Local	3,300	3,350	3,400	3,450	3,500	3,350	2,950	3,050	3,450	3,500	3,500	3,600	3,350

Gulf Coast Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	18,100	18,500	19,200	22,450	25,950	29,700	32,700	31,850	27,350	22,350	20,800	20,300	24,100
Goods-producing	3,850	4,100	4,500	4,950	5,800	7,200	9,950	9,000	7,050	5,250	4,600	4,350	5,900
Mining	750	750	750	800	800	850	850	900	900	900	900	900	850
Construction	900	750	850	950	1,150	1,350	1,400	1,300	1,300	1,200	1,050	900	1,100
Manufacturing	2,200	2,600	2,900	3,200	3,850	5,000	7,700	6,800	4,850	3,150	2,650	2,550	3,950
Seafood Processing	1,400	1,800	2,050	2,350	2,900	3,950	6,650	5,700	3,800	2,100	1,650	1,500	3,000
Service-producing	14,250	14,400	14,700	17,500	20,150	22,500	22,750	22,850	20,300	17,100	16,200	15,950	18,200
Transportation	1,500	1,500	1,550	3,300	5,300	6,600	7,000	7,200	4,450	2,150	1,700	1,500	3,650
Trade	3,050	3,000	3,200	3,650	4,050	4,350	4,450	4,400	4,050	3,700	3,450	3,500	3,750
Wholesale Trade	450	400	450	500	550	650	700	650	550	500	400	450	500
Retail Trade	2,600	2,600	2,750	3,150	3,500	3,700	3,750	3,750	3,500	3,200	3,050	3,050	3,200
Finance-Ins. & Real Estate	500	500	500	550	550	600	600	600	600	550	550	550	550
Services & Misc.	3,550	3,600	3,650	4,000	4,300	4,850	4,950	4,950	4,850	4,200	4,150	4,100	4,250
Government	5,650	5,800	5,800	6,000	5,950	6,100	5,750	5,700	6,350	6,500	6,350	6,300	6,000
Federal	500	500	500	500	500	600	600	600	600	600	550	550	550
State	1,650	1,750	1,750	1,850	1,750	1,900	2,000	1,950	2,200	2,100	2,000	1,950	1,900
Local	3,500	3,550	3,550	3,650	3,700	3,600	3,150	3,150	3,550	3,800	3,800	3,800	3,550

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

Services. (For additional analysis of 1989 see article beginning on page 1.)

Hours and Earnings Statistics Also Revised

Employers also provide the data used to estimate hours and earnings statistics. During the benchmark, these estimates are adjusted to reflect the revised level of employment. When the employment data are benchmarked, the hours and earnings data are reviewed to see if employment level changes might have further changed the hours and earnings estimates. (See Table 19.) Usually, the hours and earnings data have changed either due to the benchmarking of employment or new firms being added to augment existing hours and earnings sample. (It is worthy to note that the quarterly ES-202 data don't lend themselves to be used as estimates of average weekly hours and earnings data, therefore

Tables 11 & 12

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Southwest Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	11,600	12,450	12,650	13,200	13,600	14,750	16,800	15,200	14,300	13,300	12,850	12,850	13,650
Goods-producing	2,150	2,650	2,950	3,150	3,650	5,050	7,050	5,400	3,750	2,800	2,550	2,600	3,650
Seafood Processing	1,900	2,350	2,600	2,700	3,100	4,400	6,400	4,750	3,100	2,200	2,050	2,250	3,150
Service-producing	9,450	9,800	9,700	10,050	9,950	9,700	9,750	9,800	10,550	10,500	10,300	10,250	10,000
Government	5,650	6,000	6,000	6,150	6,000	5,550	5,200	5,300	6,200	6,300	6,250	6,250	5,900
Federal	1,200	1,300	1,250	1,250	1,250	1,300	1,300	1,300	1,400	1,400	1,400	1,450	1,300
State	400	450	450	500	450	450	500	500	500	500	500	500	500
Local	4,050	4,250	4,300	4,400	4,300	3,800	3,400	3,500	4,300	4,400	4,350	4,300	4,100

Southwest Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	12,950	14,050	14,650	14,600	15,350	16,300	17,800	16,700	15,350	14,250	13,650	13,450	14,950
Goods-producing	3,200	4,000	4,300	4,250	4,650	5,800	7,600	6,300	4,500	3,300	3,050	2,950	4,500
Seafood Processing	3,000	3,750	4,150	3,950	4,250	5,360	7,050	5,750	3,900	2,800	2,550	2,600	4,100
Service-producing	9,750	10,050	10,350	10,350	10,700	10,500	10,200	10,400	10,850	10,950	10,600	10,500	10,450
Government	5,900	6,250	6,400	6,350	6,300	5,900	5,300	5,500	6,200	6,550	6,350	6,300	6,100
Federal	1,300	1,300	1,350	1,350	1,300	1,350	1,350	1,350	1,350	1,400	1,400	1,400	1,350
State	450	550	550	550	550	550	550	550	550	550	550	550	550
Local	4,150	4,400	4,500	4,450	4,450	4,000	3,400	3,600	4,300	4,600	4,400	4,350	4,200

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

hours and earnings data are entirely sample-based.)

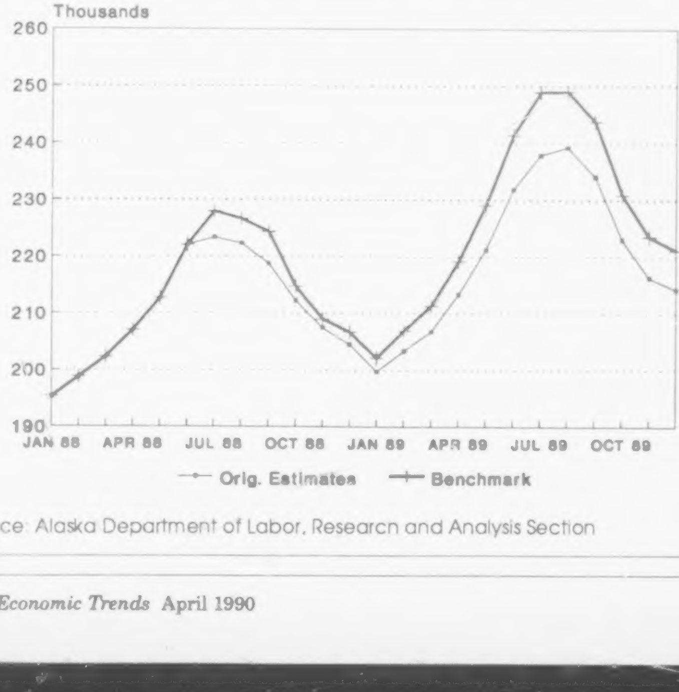
Lumber & Paper Hours and Earnings Series Dropped

Previously, hours and earnings data were published for "Lumber and Paper Products." However, just as for employment, durable and nondurable cells cannot be mixed, so this hours and earnings series had to be discontinued. Unfortunately, the same solution which was applied to the employment estimates (splitting into two new time series) was not possible on the hours and earnings side. There were various factors involved in this decision, including unreliable sample and confidentiality considerations.

(continued on page 15)

Figure 1

Original Estimates vs. Benchmark Estimates January 1988 to December 1989



Source: Alaska Department of Labor, Research and Analysis Section

Nonagricultural Wage and Salary Employment
By Place of Work 1988 & 1989

Fairbanks North Star Borough 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	23,650	23,600	23,950	24,950	25,600	26,500	26,850	27,300	27,550	26,050	25,150	25,000	25,500
Goods-producing	1,650	1,700	1,750	1,950	2,250	2,600	2,750	2,900	2,850	2,450	2,050	1,850	2,250
Mining	100	100	150	150	150	200	250	250	250	200	150	150	200
Construction	1,100	1,100	1,100	1,250	1,500	1,750	1,850	1,950	1,900	1,650	1,350	1,150	1,450
Manufacturing	450	500	500	550	600	650	650	700	700	600	550	550	600
Service-producing	22,000	21,900	22,200	23,000	23,350	23,900	24,100	24,400	24,700	23,600	23,100	23,150	23,300
Transportation	1,600	1,550	1,600	1,650	1,800	2,050	2,050	2,150	2,100	1,900	1,700	1,700	1,800
Trucking & Warehousing	300	350	350	350	350	400	400	400	400	350	350	350	350
Air Transportation	300	300	300	250	300	300	300	300	300	300	300	300	300
Communications	300	300	300	300	300	300	300	300	300	350	350	350	300
Trade	5,100	4,950	5,100	5,650	6,000	6,350	6,250	6,300	6,250	5,500	5,450	5,500	5,700
Wholesale Trade	650	650	700	700	750	750	750	800	750	700	650	650	700
Retail Trade	4,450	4,300	4,400	4,950	5,250	5,600	5,500	5,500	5,500	4,800	4,800	4,850	5,000
Gen. Merch. & Apparel	550	500	500	500	550	600	600	600	600	600	650	700	600
Food Stores	750	750	750	750	750	800	800	600	850	750	750	750	750
Eating & Drinking Places	1,600	1,600	1,650	2,100	2,300	2,550	2,400	2,400	2,400	1,700	1,700	1,650	2,000
Finance-Ins. & Real Estate	900	750	750	800	800	800	850	850	850	850	850	850	850
Services & Misc.	5,450	5,450	5,500	5,500	5,650	6,000	6,400	6,550	6,150	5,700	5,600	5,650	5,800
Government	8,950	9,200	9,250	9,400	9,100	8,700	8,550	8,550	9,350	9,650	9,500	9,450	9,150
Federal	2,750	2,700	2,700	2,750	2,800	2,800	2,900	2,850	2,850	2,800	2,750	2,800	2,800
State	3,650	3,950	4,000	4,050	3,650	3,500	3,400	3,400	3,900	4,200	4,150	4,050	3,850
Local	2,550	2,550	2,550	2,600	2,650	2,400	2,250	2,300	2,600	2,650	2,600	2,600	2,550

Fairbanks North Star Borough 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	23,650	24,150	24,650	25,500	26,450	28,250	28,300	28,600	28,900	27,300	26,400	26,100	26,500
Goods-producing	1,650	1,600	1,800	1,900	2,200	2,750	2,800	2,850	3,050	2,650	2,200	1,900	2,300
Mining	100	100	100	100	150	200	200	250	200	200	150	100	150
Construction	1,050	1,050	1,200	1,300	1,500	1,950	2,000	2,000	2,200	1,900	1,550	1,300	1,600
Manufacturing	500	450	500	500	550	600	600	600	650	550	500	500	550
Service-producing	22,000	22,550	22,850	23,600	24,250	25,500	25,500	25,750	25,850	24,650	24,200	24,200	24,250
Transportation	1,650	1,650	1,600	1,700	1,900	2,050	2,100	2,200	2,200	1,950	1,750	1,750	1,900
Trucking & Warehousing	400	400	350	400	400	450	450	500	450	450	450	450	450
Air Transportation	300	300	300	300	350	350	400	400	400	350	350	350	350
Communications	300	300	300	250	300	300	250	250	250	250	250	250	250
Trade	5,050	5,050	5,200	5,500	6,000	6,600	6,500	6,600	6,550	5,850	5,800	5,800	5,900
Wholesale Trade	650	650	650	650	700	750	750	800	800	700	700	700	700
Retail Trade	4,400	4,400	4,550	4,850	5,300	5,850	5,750	5,800	5,750	5,150	5,100	5,100	5,150
Gen. Merch. & Apparel	600	600	600	650	650	700	750	700	700	650	700	750	650
Food Stores	700	700	700	750	750	800	800	800	800	850	800	800	750
Eating & Drinking Places	1,600	1,600	1,650	1,800	2,200	2,500	2,350	2,400	2,400	1,750	1,750	1,700	2,000
Finance-Ins. & Real Estate	800	750	800	800	850	950	900	900	900	900	850	850	850
Services & Misc.	5,500	5,450	5,500	5,750	5,850	6,300	6,500	6,650	6,250	5,900	5,850	5,850	5,950
Government	9,000	9,650	9,750	9,850	9,650	9,600	9,500	9,400	9,950	10,050	9,950	9,950	9,700
Federal	2,850	2,900	2,950	3,000	3,150	3,250	3,250	3,250	3,150	3,100	3,050	3,100	3,100
State	3,600	4,150	4,200	4,200	3,850	3,900	3,900	3,800	4,150	4,300	4,250	4,200	4,050
Local	2,550	2,600	2,600	2,650	2,650	2,450	2,350	2,350	2,650	2,650	2,650	2,650	2,550

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Interior Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	27,050	27,100	27,300	28,800	29,450	30,800	31,150	31,650	31,900	30,050	28,800	28,400	**29,350**
Goods-producing	1,800	1,900	1,900	2,200	2,500	2,900	3,100	3,200	3,100	2,650	2,250	2,000	**2,450**
Mining	200	300	300	300	300	350	400	400	400	350	300	250	**300**
Construction	1,100	1,100	1,100	1,300	1,600	1,850	2,000	2,100	2,000	1,700	1,400	1,200	**1,550**
Manufacturing	500	500	500	600	600	700	700	700	700	600	550	550	**600**
Service-producing	25,250	25,200	25,400	26,600	26,950	27,900	28,050	28,450	28,800	27,400	26,550	26,400	**26,900**
Transportation	1,850	1,850	1,900	1,950	2,150	2,500	2,450	2,600	2,500	2,250	2,000	2,000	**2,150**
Trade	5,400	5,250	5,350	5,950	6,300	6,800	6,750	6,800	6,700	5,850	5,800	5,800	**6,050**
Finance-Ins. & Real Estate	1,000	800	800	900	850	900	950	950	900	900	900	900	**900**
Services	5,850	5,850	5,900	6,000	6,200	6,650	7,100	7,200	6,750	6,250	6,000	6,050	**6,300**
Government	11,150	11,450	11,450	11,800	11,450	11,050	10,800	10,900	11,950	12,150	11,850	11,650	**11,450**
Federal	3,300	3,250	3,250	3,300	3,350	3,450	3,550	3,550	3,500	3,450	3,300	3,300	**3,400**
State	3,950	4,250	4,300	4,400	4,000	3,850	3,750	3,800	4,350	4,550	4,450	4,300	**4,150**
Local	3,900	3,950	3,900	4,100	4,100	3,750	3,500	3,550	4,100	4,150	4,100	4,050	**3,950**

Interior Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	27,250	27,700	28,200	29,600	30,550	32,600	32,750	33,100	33,400	31,550	30,250	30,050	**30,600**
Goods-producing	1,850	1,850	1,950	2,200	2,450	3,050	3,100	3,100	3,250	2,900	2,450	2,150	**2,550**
Mining	250	250	250	300	300	350	350	350	350	300	250	250	**300**
Construction	1,100	1,100	1,200	1,350	1,550	2,050	2,100	2,100	2,250	2,000	1,650	1,350	**1,650**
Manufacturing	500	500	500	550	600	650	650	650	650	600	550	550	**600**
Service-producing	25,400	25,850	26,250	27,400	28,100	29,550	29,650	30,000	30,150	28,650	27,800	27,900	**28,050**
Transportation	1,950	1,850	1,800	1,900	2,150	2,400	2,450	2,500	2,450	2,200	1,950	1,950	**2,150**
Trade	5,400	5,400	5,600	5,900	6,450	7,100	7,000	7,100	7,000	6,250	6,150	6,200	**6,300**
Finance-Ins. & Real Estate	850	850	900	900	950	1,000	1,000	1,000	1,000	950	950	950	**950**
Services	5,900	5,850	5,900	6,350	6,400	7,000	7,250	7,400	6,900	6,500	6,300	6,300	**6,500**
Government	11,300	11,900	12,050	12,350	12,150	12,050	11,950	12,000	12,800	12,750	12,450	12,500	**12,200**
Federal	3,400	3,450	3,500	3,600	3,800	4,000	4,000	4,000	3,900	3,750	3,600	3,650	**3,700**
State	3,850	4,400	4,450	4,550	4,150	4,250	4,350	4,350	4,650	4,600	4,550	4,500	**4,400**
Local	4,050	4,050	4,100	4,200	4,200	3,800	3,600	3,650	4,250	4,400	4,300	4,350	**4,100**

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

Manufacturing Series Break as of January 1988

In addition to dropping the "Lumber and Paper Products" hours and earnings estimates, a break occurred in one hours and earnings series. Due to the composition of the manufacturing estimates sample, a series break was taken in the hours and earnings estimates for the manufacturing industry.

Labor Force Data Revised

Labor force statistics are also benchmarked in January using the new nonagricultural wage and salary numbers as well as other updated data. These benchmarked data were calculated using a new methodology for estimating the statewide unemployment rate. (See Table 20.) For further details on the change to the regression equation used to calculate the unemployment rate, contact the Alaska Department of Labor, Research and Analysis Section.

The employment numbers in the labor force table differ from the nonagricultural wage and salary numbers because of the disparate definitions and methodologies used in making estimates. Nonagricultural wage and salary employment is considered the better indicator of changes in industry employment; the labor force data is considered the better measure of job prospects and of current hardships of the unemployed.

(continued on page 16)

Tables 17 & 18

Nonagricultural Wage and Salary Employment By Place of Work 1988 & 1989

Northern Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	12,100	12,450	12,550	12,800	12,950	13,800	13,300	13,650	13,800	13,500	13,300	13,100	13,100
Goods-producing	4,300	4,600	4,850	5,250	5,300	6,100	5,650	5,850	5,800	5,500	5,300	5,100	5,300
Mining	3,900	4,150	4,450	4,850	4,850	5,550	5,100	5,200	5,000	4,750	4,750	4,650	4,750
Service-producing	7,800	7,850	7,700	7,550	7,650	7,700	7,650	7,800	8,000	8,000	8,000	8,000	7,800
Government	4,400	4,450	4,500	4,250	4,350	4,350	4,000	4,100	4,450	4,400	4,450	4,400	4,350
Federal	350	350	350	350	350	400	350	350	350	300	300	250	350
State	300	350	350	350	350	300	300	300	350	350	350	350	350
Local	3,750	3,750	3,800	3,550	3,650	3,650	3,350	3,450	3,750	3,750	3,800	3,800	3,650

Northern Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	12,100	12,750	13,050	13,150	13,700	14,350	14,000	14,350	14,650	14,450	14,300	13,950	13,750
Goods-producing	4,700	4,900	5,100	5,100	5,550	6,150	6,150	6,150	6,350	6,000	5,900	5,550	5,650
Mining	4,350	4,550	4,750	4,600	4,900	5,350	5,200	5,300	5,400	5,400	5,400	5,050	5,000
Service-producing	7,400	7,850	7,950	8,050	8,150	8,200	7,850	8,200	8,300	8,450	8,400	8,400	8,100
Government	4,050	4,300	4,400	4,500	4,400	4,300	3,700	4,100	4,250	4,500	4,500	4,500	4,300
Federal	250	250	250	300	250	300	300	300	250	250	250	250	250
State	350	350	350	350	350	350	300	300	350	350	350	350	350
Local	3,450	3,700	3,800	3,850	3,800	3,650	3,100	3,500	3,650	3,900	3,900	3,900	3,700

Annual averages may not add due to rounding.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1989

Source: Alaska Department of Labor, Research and Analysis Section

Two New Labor Force Series Introduced

It is the policy of the Alaska Department of Labor to publish unemployment rates for all boroughs in the state. In accordance with that policy, this issue introduces an unemployment rate for Alaska's newest borough, the Aleutians East Borough. The new borough unemployment rate incorporates a portion of the former Aleutian Islands Census Area, and the balance of the old census area will be published as the Aleutians West Census Area. Historical data for the Aleutians East Borough and the Aleutians West Census Area are available back to 1986.

Labor Force Data Shows Best Job Market in Recent Memory

In 1989, Alaska posted a phenomenally low unemployment rate of 6.7%, the lowest level of unemployment since 1976. (No comparable unemployment rates are available prior to 1976.) Unemployment began and ended the year under the double-digit level, the first time that every month of the year has been below the 10.0% level. As 1989 closed, Alaska was on a string of 19 consecutive months of unemployment below 10.0%. The lowest unemployment rate recorded during 1989 was 4.7% in August. These signs indicate that there were better conditions for job seekers in Alaska's 1989 job market than the state had seen in quite some time.

Notes:

1/ The Alaska Department of Labor (AKDOL) would like to acknowledge Louisiana Pacific's Ketchikan Pulp Company and the Alaska Pulp Corporation of Sitka for their cooperation in allowing the Pulp Mills employment estimate to be published. Without their assistance, the Alaska Department of Labor would not have been able to publish an estimate of pulp mill employment because it would have violated the confidentiality requirements under which this data is gathered. Due to the cooperation of these two employers, AKDOL was able to continue to publish meaningful estimates for Alaska's timber industry.

Table 19

Alaska Hours and Earnings for Selected Industries [1]/[2]
1989 Annual Averages

Average Weekly Earnings 1989

	1/89	2/89	3/89	4/89	5/89	6/89	7/89	8/89	9/89	10/89	11/89	12/89	Annual Avg.
Mining	$1,140.31	$1,081.78	$1,121.69	$1,059.85	$1,051.27	$1,031.80	$1,069.21	$1,073.96	$1,131.31	$1,039.90	$1,054.02	$1,088.90	$1,078.54
Construction	909.53	896.80	911.20	1,075.48	1,118.00	1,140.68	1,164.97	1,112.98	1,176.90	1,097.47	1,062.66	989.00	1,077.84
Manufacturing	492.06	533.83	519.06	553.85	546.56	461.00	512.62	601.16	533.34	542.14	556.40	546.62	533.24
Seafood Processing	329.18	475.97	469.44	447.68	413.08	315.02	437.36	532.02	375.71	325.08	374.01	362.85	416.89
Trans., Comm. & Utilities	566.56	568.97	573.53	609.41	606.81	619.20	869.30	898.05	718.00	644.47	598.18	588.76	669.38
Trade	378.42	369.27	362.21	384.70	386.69	403.47	408.44	395.16	388.28	396.17	381.38	385.10	386.75
Wholesale	530.35	512.26	523.22	528.26	524.02	544.31	554.71	522.06	534.50	546.06	535.43	548.49	533.45
Retail	328.18	323.33	309.64	336.31	340.79	356.72	358.79	351.88	339.75	346.61	332.47	334.32	338.64
Finance-Ins. & R.E	390.02	392.76	415.23	414.78	407.26	419.62	411.34	403.82	418.42	407.00	401.35	402.34	406.44

Average Weekly Hours 1989

	1/89	2/89	3/89	4/89	5/89	6/89	7/89	8/89	9/89	10/89	11/89	12/89	Annual Avg.
Mining	49.3	49.6	48.6	47.0	47.1	46.9	48.8	49.4	51.8	46.8	46.7	47.2	48.3
Construction	39.7	40.0	40.0	46.0	46.7	46.2	48.5	47.2	47.9	45.9	44.8	43.8	45.4
Manufacturing	40.3	50.6	49.2	47.5	43.9	36.5	46.9	53.2	40.9	39.4	40.0	39.1	44.4
Seafood Processing	39.9	59.2	57.6	50.7	46.0	33.8	49.7	58.4	39.3	36.0	41.1	41.0	47.0
Trans., Comm. & Utilities	35.3	35.1	35.1	36.8	35.8	37.1	48.7	51.2	50.0	38.8	36.1	34.9	40.3
Trade	33.4	33.0	33.2	35.1	34.1	35.8	36.5	35.6	34.3	34.6	33.9	34.6	34.5
Wholesale	38.1	38.4	38.5	38.9	38.0	39.3	38.9	38.5	39.1	38.7	38.3	38.9	38.6
Retail	31.8	31.3	31.5	33.8	32.8	34.7	35.7	34.6	32.7	33.2	32.5	33.2	33.2
Finance-Ins. & R.E	35.2	33.8	35.1	37.2	35.6	37.5	38.3	35.8	36.8	36.7	34.9	35.7	36.0

Average Hourly Earnings 1989

	1/89	2/89	3/89	4/89	5/89	6/89	7/89	8/89	9/89	10/89	11/89	12/89	Annual Avg.
Mining	$23.13	$21.81	$23.08	$22.55	$22.32	$22.00	$21.91	$21.74	$21.84	$22.22	$22.57	$23.07	$22.23
Construction	22.91	22.42	22.78	23.38	23.94	24.69	24.02	23.58	24.57	23.91	23.72	22.58	23.74
Manufacturing	12.21	10.55	10.55	11.66	12.45	12.63	10.93	11.30	13.04	13.76	13.91	13.98	12.01
Seafood Processing	8.25	8.04	8.15	8.83	8.98	9.32	8.80	9.11	9.56	9.03	9.10	8.85	8.87
Trans., Comm. & Utilities	16.05	16.21	16.34	16.56	16.95	16.69	17.85	17.54	14.36	16.61	16.57	16.87	16.61
Trade	11.33	11.19	10.91	10.96	11.34	11.27	11.19	11.10	11.32	11.45	11.25	11.13	11.21
Wholesale	13.92	13.34	13.59	13.58	13.79	13.85	14.26	13.56	13.67	14.11	13.98	14.10	13.82
Retail	10.32	10.33	9.83	9.95	10.39	10.28	10.05	10.17	10.39	10.44	10.23	10.07	10.20
Finance-Ins. & R.E	11.08	11.62	11.83	11.15	11.44	11.19	10.74	11.28	11.37	11.09	11.50	11.27	11.29

Benchmark: March 1989

[1] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2] Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

About the author:

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Table 20

Labor Force By Region and Census Area

Annual Averages — 1987-1989

	Labor Force			Unemployment			Rate			Employment		
	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989
Alaska Statewide	250,000	250,000	253,000	27,000	23,000	17,000	10.8%	9.2%	6.7%	223,000	227,000	236,000
Anch.-MatSu Region	132,001	129,328	128,927	12,705	10,787	7,596	9.6	8.3	5.9	119,296	118,541	121,331
Anchorage Borough	116,501	114,354	114,061	9,831	8,437	5,801	8.4	7.4	5.1	106,670	105,917	108,260
MatSu Borough	15,500	14,973	14,866	2,873	2,350	1,795	18.5	15.7	12.1	12,627	12,623	13,071
Gulf Coast Region	26,642	27,360	30,767	3,668	3,179	2,409	13.8	11.6	7.8	22,974	24,181	28,358
Kenai Peninsula Borough	16,968	17,161	19,084	2,845	2,405	1,779	16.8	14.0	9.3	14,123	14,756	17,305
Kodiak Island Borough	5,656	6,070	7,027	359	348	317	6.3	5.7	4.5	5,297	5,722	6,710
Valdez-Cordova	4,018	4,130	4,657	463	426	313	11.5	10.3	6.7	3,555	3,704	4,344
Interior Region	37,525	36,779	35,984	5,444	4,570	3,217	14.5	12.4	8.9	32,081	32,209	32,767
Fairbanks North Star Bor.	32,267	31,672	31,016	4,484	3,744	2,604	13.9	11.8	8.4	27,783	27,928	28,412
Southeast Fairbanks	2,157	2,091	2,032	349	306	216	16.2	14.6	10.6	1,808	1,785	1,816
Yukon-Koyukuk	3,102	3,017	2,937	611	520	397	19.7	17.2	13.5	2,491	2,497	2,540
Northern Region	8,194	8,250	8,161	900	787	647	11.0	9.5	7.9	7,294	7,463	7,514
Nome	3,117	3,081	3,047	398	351	298	12.8	11.4	9.8	2,719	2,730	2,749
North Slope Borough	2,885	2,974	2,980	163	151	138	5.6	5.1	4.6	2,722	2,823	2,842
Northwest Arctic Borough	2,193	2,195	2,135	340	285	212	15.5	13.0	9.9	1,853	1,910	1,923
Southeast Region	34,067	35,477	35,908	3,265	2,769	2,497	9.6	7.8	7.0	30,802	32,708	33,411
Haines Borough	870	870	873	115	92	79	13.2	10.6	9.0	755	778	794
Juneau Borough	15,142	15,678	15,906	1,067	887	797	7.0	5.7	5.0	14,075	14,791	15,109
Ketchikan Gateway Bor.	6,275	6,607	6,698	635	546	506	10.1	8.3	7.6	5,640	6,061	6,192
Pr. of Wales-Outer Ketch.	2,673	2,776	2,785	393	364	321	14.7	13.1	11.5	2,280	2,412	2,464
Sitka Borough	4,020	4,130	4,164	338	277	228	8.4	6.7	5.5	3,682	3,853	3,936
Skagway-Yakutat-Angoon	1,651	1,788	1,765	285	282	226	17.3	15.8	12.8	1,366	1,506	1,539
Wrangell-Petersburg	3,438	3,629	3,717	433	322	340	12.6	8.9	9.1	3,005	3,307	3,377
Southwest Region	11,571	12,808	13,252	1,019	909	634	8.8	7.1	4.8	10,552	11,899	12,618
Aleutians East Borough	749	900	937	30	29	13	4.0	3.2	1.4	719	871	924
Aleutians West	2,272	2,518	2,623	79	78	35	3.5	3.1	1.3	2,193	2,440	2,588
Bethel	4,503	4,911	5,082	472	401	299	10.5	8.2	5.9	4,031	4,510	4,783
Bristol Bay Borough	442	505	512	45	45	24	10.2	8.9	4.7	397	460	488
Dillingham	2,097	2,295	2,401	182	140	116	8.7	6.1	4.8	1,915	2,155	2,285
Wade Hampton	1,508	1,680	1,698	210	217	147	13.9	12.9	8.7	1,298	1,463	1,551

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

New Decade Begins On A Strong Note

By Neal Fried

Signs of a recession in the lower 48 exist, but there are no such signs in Alaska. The economic strength of 1989 has extended into 1990 even without oil spill activity. Alaska's economy was humming along at a healthy over-the-year growth rate of 5% in January.

However, this growth pace will be difficult to sustain after March because of the bulge in employment created by the oil spill cleanup work force in April of 1989. But, as January's employment illustrates, there is an undercurrent of growth in Alaska's economy without any help from oil spill activity. Barring January's seasonal loss of 8,300 jobs, strength in over-the-year gains can be found in almost all of the state's industries and in all geographic areas.

Oil And Hard Rock Mining Healthy

Employment in January's oil industry was 600 stronger than a year earlier. Oil prices continued to be close to $20/barrel, making efforts to recover more oil increasingly worthwhile.

Employment in the hard rock mining industry is also starting the new year out right. With both Greens Creek and Red Dog almost fully operational, Alaska's hard rock mining figures are looking good. And this is in spite of the closure of the Valdez Creek Mine in November. There is some hope this facility will reopen sometime in 1990. Activity in a number of other operations, mostly gold prospects, should keep the employment growing all year.

Fishing — Losing Some Of Its Luster?

January seafood processing was boosted slightly by the pollock harvest that took place in the Gulf of Alaska.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 1/90	r/ 12/89	1/89	Changes from: 12/89	Changes from: 1/89
Total Nonag. Wage & Salary	212,900	221,200	202,200	-8,300	10,700
Goods-producing	27,900	29,600	26,500	-1,700	1,400
Mining	9,900	9,900	9,200	0	700
Construction	7,000	8,100	6,600	-1,100	400
Manufacturing	11,000	11,600	10,700	-600	300
Durable Goods	2,200	3,000	2,100	-800	100
Lumber & Wood Products	1,500	2,300	1,500	-800	0
Nondurable Goods	8,800	8,600	8,600	200	200
Seafood Processing	5,100	4,900	5,100	200	0
Pulp Mills	900	900	900	0	0
Service-producing	185,000	191,600	175,700	-6,600	9,300
Transportation	17,900	18,600	16,300	-700	1,600
Trucking & Warehousing	2,100	2,300	2,000	-200	100
Water Transportation	1,000	1,200	800	-200	200
Air Transportation	6,200	6,300	5,400	-100	800
Communications	3,200	3,200	3,100	0	100
Trade	42,500	44,900	40,200	-2,400	2,300
Wholesale Trade	7,800	7,900	7,200	-100	600
Retail Trade	34,700	37,000	33,000	-2,300	1,700
Gen. Merch. & Apparel	5,400	6,300	4,900	-900	500
Food Stores	6,400	6,600	6,000	-200	400
Eating & Drinking Places	11,700	12,300	11,600	-600	100
Finance-Ins. & Real Estate	10,400	10,500	10,400	-100	0
Services & Misc.	45,500	46,900	42,700	-1,400	2,800
Hotels & Lodging Places	4,400	4,500	3,900	-100	500
Government	68,700	70,700	66,100	-2,000	2,600
Federal	18,500	19,000	17,500	-500	1,000
State	19,900	21,200	19,000	-1,300	900
Local	30,300	30,500	29,600	-200	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 2

Nonagricultural Wage and Salary Employment
By Place of Work

Anchorage Borough

	p/	r/		Changes from:	
	1/90	12/89	1/89	12/89	1/89
Total Nonag. Wage & Salary	102,850	105,650	97,900	-2,800	4,950
Goods-producing	8,800	9,200	8,550	-400	250
Mining	3,550	3,500	3,500	50	50
Construction	3,400	3,800	3,300	-400	100
Manufacturing	1,850	1,900	1,750	-50	100
Service-producing	94,050	96,450	89,350	2,400	4,700
Transportation	9,900	10,250	8,700	-350	1,200
Trucking & Warehousing	1,400	1,400	1,150	0	250
Water Transportation	250	350	150	-100	100
Air Transportation	3,750	3,900	3,300	-150	450
Communications	1,850	1,850	1,750	0	100
Trade	24,900	26,000	23,950	-1,100	950
Wholesale Trade	5,800	5,950	5,500	-150	300
Retail Trade	19,100	20,050	18,450	-950	650
Gen. Merch. & Apparel	2,700	3,000	2,550	-300	150
Food Stores	3,100	3,250	2,950	-150	150
Eating & Drinking Places	7,250	7,450	7,250	-200	0
Finance-Ins. & Real Estate	6,800	6,800	6,900	0	-100
Services & Misc.	26,450	26,800	24,500	-350	1,950
Hotels & Lodging Places	2,300	2,400	2,100	-100	200
Government	26,000	26,600	25,300	-600	700
Federal	10,300	10,350	10,150	-50	150
State	7,150	7,750	6,650	-600	500
Local	8,550	8,500	8,500	50	50

Fairbanks North Star Borough

	p/	r/		Changes from:	
	1/90	12/89	1/89	12/89	1/89
Total Nonag. Wage & Salary	24,750	26,100	23,650	-1,350	1,100
Goods-producing	1,750	1,900	1,650	-150	100
Mining	100	100	100	0	0
Construction	1,150	1,300	1,050	-150	100
Manufacturing	500	500	500	0	0
Service-producing	23,000	24,200	22,000	-1,200	1,000
Transportation	1,750	1,750	1,650	0	100
Trucking & Warehousing	450	450	400	0	50
Air Transportation	350	350	300	0	50
Communications	250	250	300	0	-50
Trade	5,350	5,800	5,050	-450	300
Wholesale Trade	700	700	650	0	50
Retail Trade	4,650	5,100	4,400	-450	250
Gen. Merch. & Apparel	600	750	600	-150	0
Food Stores	750	800	700	-50	50
Eating & Drinking Places	1,600	1,700	1,600	-100	0
Finance-Ins. & Real Estate	850	850	800	0	50
Services & Misc.	5,650	5,850	5,500	-200	150
Government	9,400	9,950	9,000	-550	400
Federal	3,050	3,100	2,850	-50	200
State	3,700	4,200	3,600	-500	100
Local	2,650	2,650	2,550	0	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	1/90	12/89	1/89	12/89	1/89
Total Nonag. Wage & Salary	109,550	112,450	104,200	-2,900	5,350
Goods-producing	9,100	9,500	8,900	-400	200
Mining	3,550	3,500	3,600	50	-50
Construction	3,600	4,000	3,450	-400	150
Manufacturing	1,950	2,000	1,850	-50	100
Service-producing	100,450	102,950	95,300	-2,500	5,150
Transportation	10,600	10,950	9,350	-350	1,250
Trade	26,550	27,750	25,400	-1,200	1,150
Finance-Ins. & Real Estate	7,250	7,250	7,300	0	-50
Services & Misc.	27,700	27,950	25,600	-250	2,100
Government	28,350	29,050	27,650	-700	700
Federal	10,400	10,450	10,250	-50	150
State	7,850	8,550	7,450	-700	400
Local	10,100	10,050	9,950	50	150

Interior Region

	p/	r/		Changes from:	
	1/90	12/89	1/89	12/89	1/89
Total Nonag. Wage & Salary	28,550	30,050	27,250	-1,500	1,300
Goods-producing	1,950	2,150	1,850	-200	100
Mining	250	250	250	0	0
Construction	1,200	1,350	1,100	-150	100
Manufacturing	500	550	500	-50	0
Service-producing	26,600	27,900	25,400	-1,300	1,200
Transportation	1,950	1,950	1,950	0	0
Trade	5,750	6,200	5,400	-450	350
Finance-Ins. & Real Estate	950	950	850	0	100
Services	6,100	6,300	5,900	-200	200
Government	11,850	12,500	11,300	-650	550
Federal	3,600	3,650	3,400	-50	200
State	3,950	4,500	3,850	-550	100
Local	4,300	4,350	4,050	-50	250

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 21)

Source: Alaska Department of Labor, Research & Analysis Section

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 1/90	r/ 12/89	1/89	Changes from: 12/89	1/89
Total Nonag. Wage & Salary	29,000	30,450	27,650	-1,450	1,350
Goods-producing	4,200	5,150	4,000	-950	200
Mining	300	300	250	0	50
Construction	800	950	700	-150	100
Manufacturing	3,100	3,900	3,050	-800	50
Durable Goods	1,350	2,150	1,400	-800	-50
Lumber & Wood Products	1,250	2,000	1,250	-750	0
Nondurable Goods	1,750	1,750	1,650	0	100
Seafood Processing	650	650	600	0	50
Pulp Mills	900	950	900	-50	0
Service-producing	24,800	25,300	23,650	-500	1,150
Transportation	2,000	2,200	1,900	-200	100
Trade	4,900	5,050	4,600	-150	300
Wholesale Trade	600	600	450	0	150
Retail Trade	4,300	4,450	4,150	-150	150
Finance-Ins. & Real Estate	1,050	1,050	950	0	100
Services & Misc.	4,800	5,000	4,600	-200	200
Government	12,050	12,000	11,600	50	450
Federal	2,000	2,100	1,850	-100	150
State	5,550	5,350	5,300	200	250
Local	4,500	4,550	4,450	-50	50

Gulf Coast Region

	p/ 1/90	r/ 12/89	1/89	Changes from: 12/89	1/89
Total Nonag. Wage & Salary	19,450	20,300	18,100	-850	1,350
Goods-producing	4,150	4,350	3,850	-200	300
Mining	850	900	750	-50	100
Construction	800	900	900	-100	-100
Manufacturing	2,500	2,550	2,200	-50	300
Seafood Processing	1,550	1,500	1,400	50	150
Service-producing	15,300	15,950	14,250	-650	1,050
Transportation	1,500	1,500	1,500	0	0
Trade	3,250	3,500	3,050	-250	200
Wholesale Trade	400	450	450	-50	-50
Retail Trade	2,850	3,050	2,600	-200	250
Finance-Ins. & Real Estate	550	550	500	0	50
Services & Misc.	3,850	4,100	3,550	-250	300
Government	6,150	6,300	5,650	-150	500
Federal	500	550	500	-50	0
State	1,800	1,950	1,650	-150	150
Local	3,850	3,800	3,500	50	350

Northern Region

	p/ 1/90	r/ 12/89	1/89	Changes from: 12/89	1/89
Total Nonag. Wage & Salary	13,350	13,950	12,100	-600	1,250
Goods-producing	5,400	5,550	4,700	-150	700
Mining	5,050	5,050	4,350	0	700
Service-producing	7,950	8,400	7,400	-450	550
Government	4,300	4,500	4,050	-200	250
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,700	3,900	3,450	-200	250

Southwest Region

	p/ 1/90	r/ 12/89	1/89	Changes from: 12/89	1/89
Total Nonag. Wage & Salary	13,400	13,450	12,950	-50	450
Goods-producing	3,250	2,950	3,200	300	50
Seafood Processing	3,000	2,600	3,000	400	0
Service-producing	10,150	10,500	9,750	-350	400
Government	6,150	6,300	5,900	-150	250
Federal	1,350	1,400	1,300	-50	50
State	500	550	450	-50	50
Local	4,300	4,350	4,150	-50	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989   p/ denotes preliminary estimates   r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 3

Alaska Hours and Earnings for Selected Industries 1/2

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 1/90	r/ 12/89	1/89	p/ 1/90	r/ 12/89	1/89	p/ 1/90	r/ 12/89	1/89
Mining	$1,036.29	$1,088.90	$1,140.31	44.9	47.2	49.3	$23.08	$23.07	$23.13
Construction	969.28	989.00	909.53	41.6	43.8	39.7	23.30	22.58	22.91
Manufacturing	501.80	546.62	492.06	41.3	39.1	40.3	12.15	13.98	12.21
Seafood Processing	416.52	362.85	329.18	46.8	41.0	39.9	8.90	8.85	8.25
Trans., Comm. & Utilities	569.38	588.76	566.56	34.3	34.9	35.3	16.60	16.87	16.05
Trade	392.42	385.10	378.42	33.8	34.6	33.4	11.61	11.13	11.33
Wholesale	556.23	548.49	530.35	38.6	38.9	38.1	14.41	14.10	13.92
Retail	338.10	334.32	328.18	32.2	33.2	31.8	10.50	10.07	10.32
Finance-Ins. & R.E	393.63	402.34	390.02	33.5	35.7	35.2	11.75	11.27	11.08

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

The entire quarterly quota for pollock was harvested in January. This made for a good January but portends for a slower season in the upcoming months. Communities such as Kodiak have become more used to a sustainable winter employment season since the advent of the bottomfishery.

Timber Holding Its Own

In Southeast, where more than 90% of the state's timber activity is concentrated, employment levels are holding their own. (See Table 2.) This is not bad, considering these levels are historically healthy.

Although small, the rest of the state's share of timber activity is becoming more active. The sawmill in Seward began operating in January. More timber development on the Kenai Peninsula is expected to kick in later this year. And new timber developments are reaching as far north as Nenana, where the Toghotthele Corporation (the village corporation of Nenana) just sold 348 acres of timber to ITT Rayonier. The harvest will begin this winter, and the logs will be exported or shipped to the Seward mill to be processed.

Turbulent Times Of Alaska's Financial Industry May Be Over

Alaska's finance-insurance and real estate (F.I.R.E.) industry is finally coming out of the woods after four straight years of decline. And this was in spite of the fact that two savings and loans were closed down in January.

First Federal Bank and Home Savings Bank were forced to shut their doors by regulators. First Federal was sold to First National Bank of Anchorage, and Home Savings was sold to Security Pacific Bank. Increases in the staff levels of these two banks and in other banks helped offset employment losses caused by the failures.

These past four years have been an extraordinary period of attrition for Alaska's financial industry. Prior to 1986, no financial institution had failed since the Great Depression. The closure of the two savings and loans brought the Alaska list of failures to 14. On the positive side, this chapter of the industry's history has probably come to a close. Most of the survivors are presently reporting healthy balance sheets.

The rest of F.I.R.E is also perking up. On the real estate side, the news only gets better. According to a recent survey of Anchorage realtors, prices have hit bottom for most housing stock and for some prices have begun to climb again. The Fairbanks picture has been even more positive than Anchorage, and there is little question that Juneau is on a strong rebound. The MatSu Borough and parts of the Kenai real estate market remain soft. But it appears that falling real estate values will no longer dominate the economic news in 1990.

Rest Of The Service-producing Sector Remains Strong

Both trade and services remain the engines of employment growth for most areas of the state. Although these two industries lost a combined 3,800 jobs in January, the losses were almost entirely seasonal. The slowdown is largely a case of employers trying to catch their breath after the Christmas shopping frenzy. And although Nordstrom's in Fairbanks closed its doors in January, there are still 5,100 more jobs statewide in trade and services combined than there was a year ago. As long as the state's population keeps growing, along with income, no big change in this trend is expected.

The public sector posted solid gains on all fronts in January. Employment remains on the positive side of the ledger for both university and state government operations. Local governments' numbers are showing improvement. Last year most of the improvement was on the educational side, and now it looks like the rest of the local government picture is improving. Most local governments appear to be on firmer financial ground than in recent years. Many have downsized, property values are either rebounding or are beginning to stabilize, and support from Juneau in the immediate future looks good.

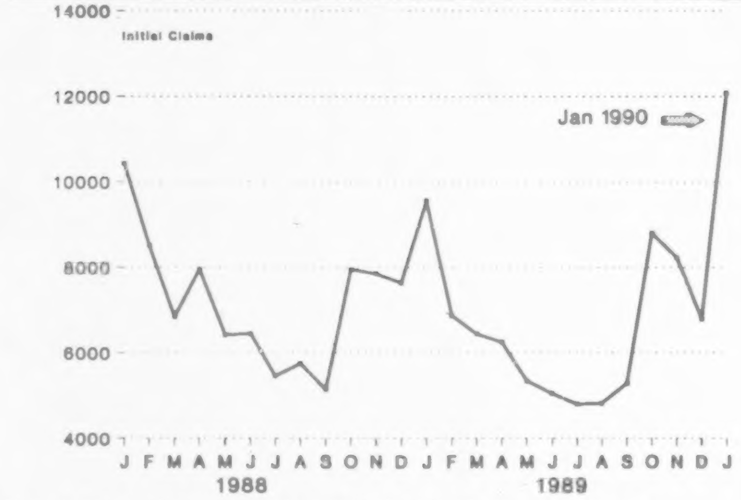
On the federal side, most of the growth is coming from the military non-appropriated fund activities. They are self-supporting activities that do not depend on the federal budget for their operations. These operations include post exchanges (PXs) and commissaries, where employment has grown as military facilities were expanded. The civil service, which accounts for most of the civilian federal employment, is not expected to grow because of the affects of Gramm-Rudman and possible cuts in military spending. Currently, the Department of Defense has a freeze on hiring.

Oil Spill Workers and Others Hit Unemployment Lines

January's unemployment rate climbed from 7.0% in December to 8.6% in January — not an altogether unusual occurrence in January in Alaska. January's unemployment rate got a hefty boost from a surge of oil spill workers who became eligible for unemployment benefits in January. So hefty that initial unemployment claims in January climbed to 10,218, the highest since 1986. (See Figure 1.) Not all of the increase can be attributed to oil spill workers, because more seasonal workers, such as construction workers, also worked last season. Although it might be natural to interpret this increase in unemployment as bad news, it may mean more people became eligible for unemployment benefits during January because more were able to find work last summer in Alaska's seasonal industries.

Figure 1

Alaska Unemployment Claims (Initials)
January 1988 – January 1990



Source: Alaska Department of Labor, Research and Analysis Section

Summary: January Starts Out 1990 Right

Alaska's economy kept growing in January 1990, ushering in the second year of employment growth. And this came without much help from oil spill activity.

The positive employment numbers were not confined to any one industry or geographic area, but instead were widespread. On the natural resources side, both oil and the hard rock mining industries continued to post gains. The timber and fishing industries held their own in January. It appears the fishing industry's strong growth of the past three years may become just a memory from the past.

In the service-producing industries the big story was that Alaska's financial industry is finally emerging out of four straight years of losses. Although two more saving and loans closed in January, they will probably be the last. The remainder of the financial institutions outlook has also improved. Not surprisingly, trade and services remain the largest generators of new jobs.

The unemployment rate climbed significantly in January as large numbers of oil spill workers became eligible for unemployment benefits. But the unemployment rate still remained below year-ago levels.

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Table 4

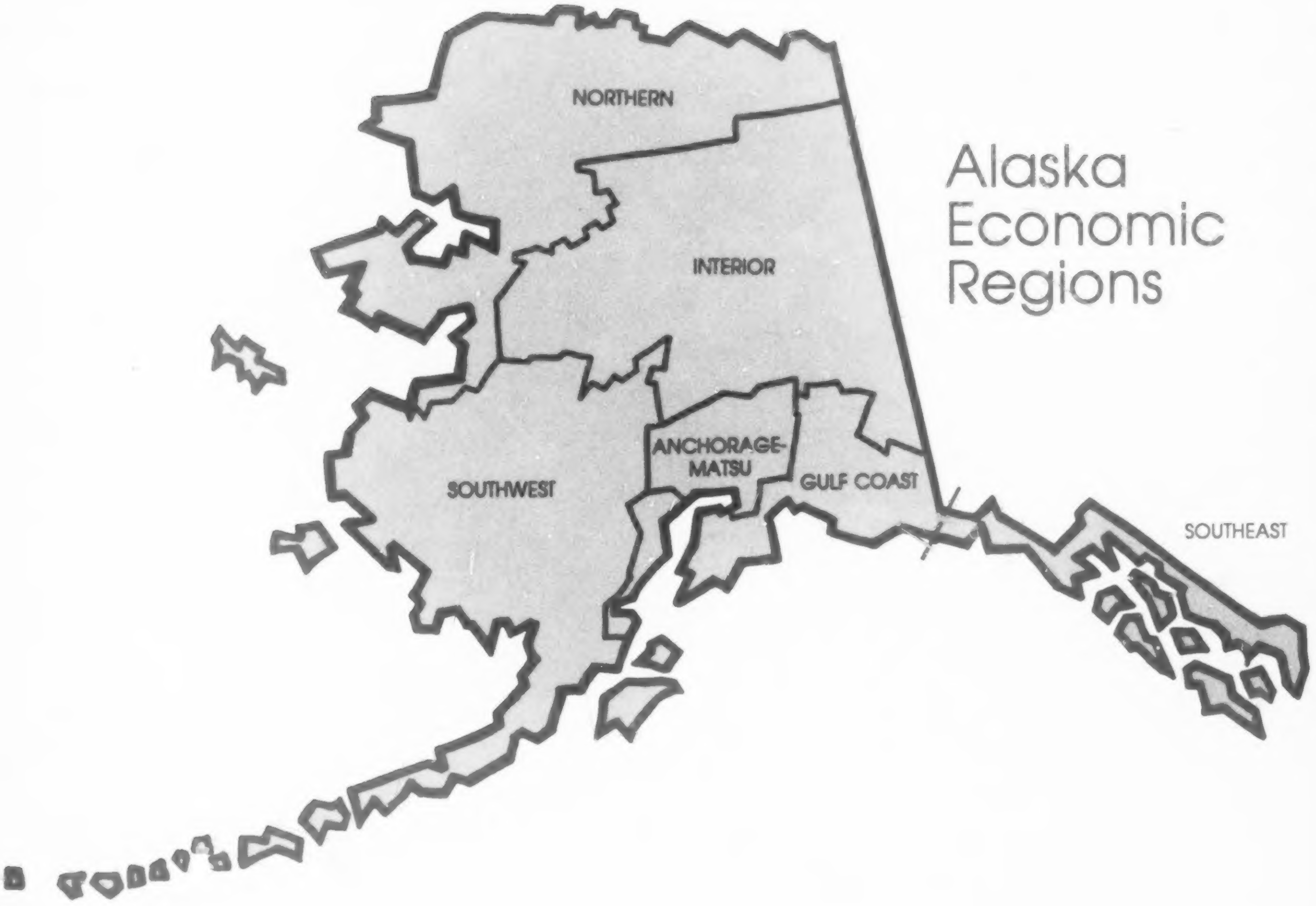
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 1/90	r/ 12/89	1/89	p/ 1/90	r/ 12/89	1/89	p/ 1/90	r/ 12/89	1/89	p/ 1/90	r/ 12/89	1/89
Alaska Statewide	250,871	252,084	243,228	21,458	17,732	22,384	8.6%	7.0%	9.2%	229,413	234,352	220,844
Anch.-MatSu Region	132,419	132,568	128,697	9,363	7,908	9,852	7.1	6.0	7.7	123,056	124,660	118,845
Anchorage Borough	116,883	117,414	113,762	6,931	5,904	7,553	5.9	5.0	6.6	109,952	111,510	106,209
MatSu Borough	15,536	15,154	14,935	2,432	2,004	2,299	15.7	13.2	15.4	13,104	13,150	12,636
Gulf Coast Region	27,554	27,426	25,862	3,684	2,863	3,538	13.4	10.4	13.7	23,870	24,563	22,324
Kenai Peninsula Borough	17,244	16,916	16,252	2,678	1,927	2,630	15.5	11.4	16.2	14,566	14,989	13,622
Kodiak Island Borough	5,983	6,344	5,683	335	532	401	5.6	8.4	7.1	5,648	5,812	5,282
Valdez-Cordova	4,327	4,166	3,927	671	404	507	15.5	9.7	12.9	3,656	3,762	3,420
Interior Region	35,467	36,079	34,913	3,835	3,146	4,317	10.8	8.7	12.4	31,632	32,933	30,596
Fairbanks North Star Bor.	30,455	31,039	30,126	3,028	2,484	3,597	9.9	8.0	11.9	27,427	28,555	26,529
Southeast Fairbanks	2,086	2,063	2,010	333	238	315	16.0	11.5	15.7	1,753	1,825	1,695
Yukon-Koyukuk	2,926	2,977	2,777	474	424	405	16.2	14.2	14.6	2,452	2,553	2,372
Northern Region	8,317	8,393	7,765	703	529	666	8.5	6.3	8.6	7,614	7,864	7,099
Nome	3,083	3,123	2,899	298	247	302	9.7	7.9	10.4	2,785	2,876	2,597
North Slope Borough	3,021	3,081	2,825	141	106	140	4.7	3.4	5.0	2,880	2,975	2,685
Northwest Arctic Borough	2,213	2,189	2,041	264	176	224	11.9	8.0	11.0	1,949	2,013	1,817
Southeast Region	34,515	35,163	33,686	3,262	2,771	3,425	9.5	7.9	10.2	31,253	32,392	30,261
Haines Borough	852	864	823	109	94	104	12.8	10.9	12.6	743	770	719
Juneau Borough	14,979	15,488	14,587	845	841	902	5.6	5.4	6.2	14,134	14,647	13,685
Ketchikan Gateway Bor.	6,523	6,546	6,444	731	543	836	11.2	8.3	13.0	5,792	6,003	5,608
Pr. of Wales-Outer Ketch.	2,775	2,700	2,776	470	311	544	16.9	11.5	19.6	2,305	2,389	2,232
Sitka Borough	3,937	4,100	3,836	256	284	271	6.5	6.9	7.1	3,681	3,816	3,565
Skagway-Yakutat-Angoon	1,813	1,729	1,779	374	237	386	20.6	13.7	21.7	1,439	1,492	1,393
Wrangell-Petersburg	3,636	3,736	3,441	477	461	382	13.1	12.3	11.1	3,159	3,275	3,059
Southwest Region	12,599	12,455	12,305	611	515	586	4.8	4.1	4.8	11,988	11,940	11,719
Aleutians East Borough	897	892	879	19	18	21	2.1	2.0	2.4	878	874	858
Aleutians West	2,493	2,476	2,437	34	27	34	1.4	1.1	1.4	2,459	2,449	2,403
Bethel	4,787	4,728	4,660	243	202	218	5.1	4.3	4.7	4,544	4,526	4,442
Bristol Bay Borough	489	475	500	25	13	47	5.1	2.7	9.4	464	462	453
Dillingham	2,330	2,299	2,263	159	137	141	6.8	6.0	6.2	2,171	2,162	2,122
Wade Hampton	1,603	1,585	1,566	131	118	125	8.2	7.4	8.0	1,472	1,467	1,441

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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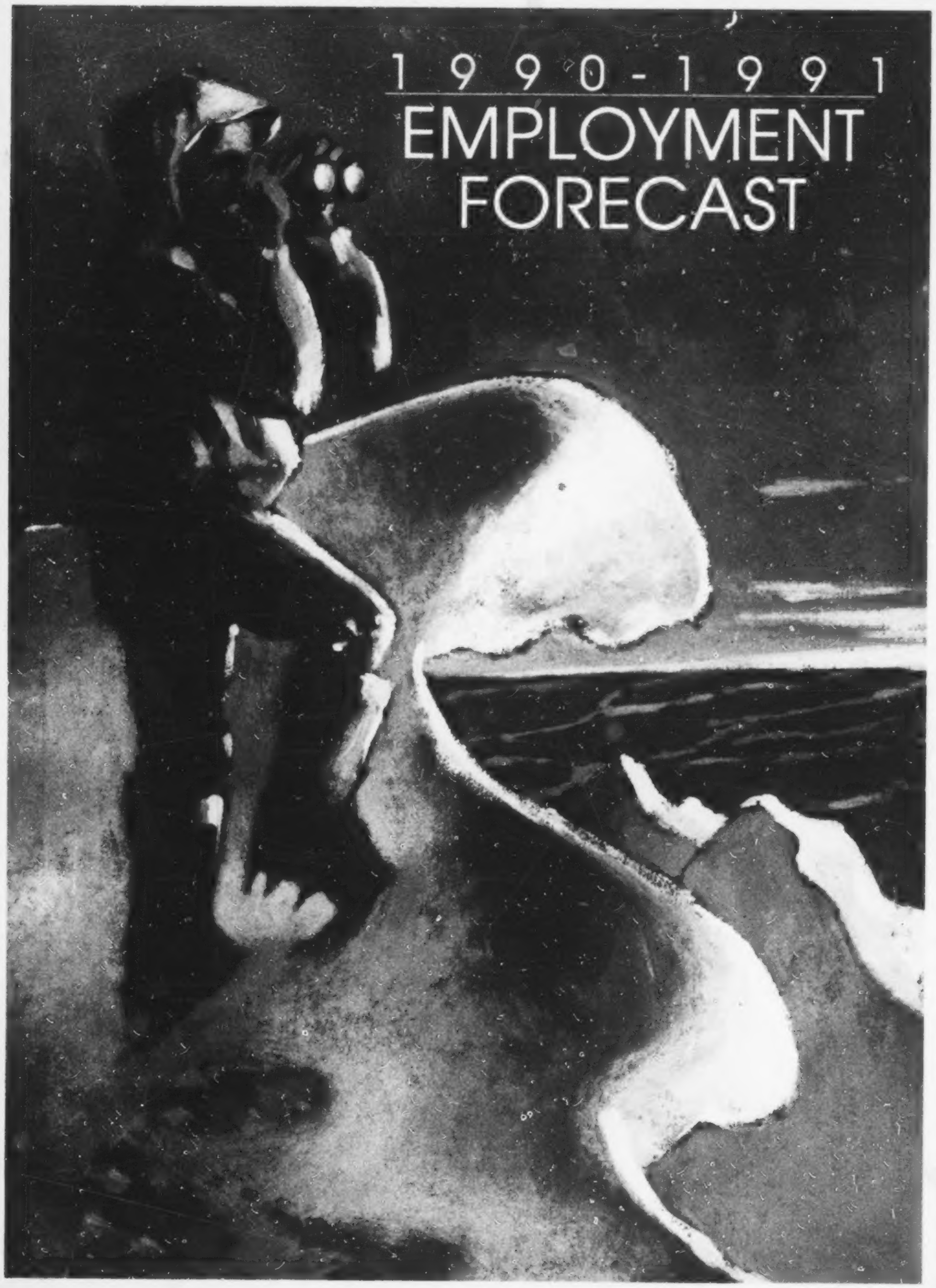
ALASKA ECONOMIC TRENDS

1990-1991 EMPLOYMENT FORECAST



May 1990

Forecasts Through 1991:

Statewide Economy Will Grow

Anchorage Economy Good Through '91

Fairbanks Begins '90s With Moderate Growth

Southeast to Maintain Steady Growth

February Posts Continued Growth

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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Cover design by Jim Fowler

MADE IN ALASKA

ALASKA FORECAST: 1990-91

Alaskan Economy Will Continue To Grow

by John Boucher

In 1989, Alaska posted a 6.4% rate of employment growth and the lowest unemployment rate ever recorded. A recovering economy and an enormous amount of economic activity generated by the oil spill cleanup contributed to the economy's banner year. To put last year in perspective, it showed the largest annual increase in employment since 1982, the height of Alaska's most recent boom period. (See Figure 1.)

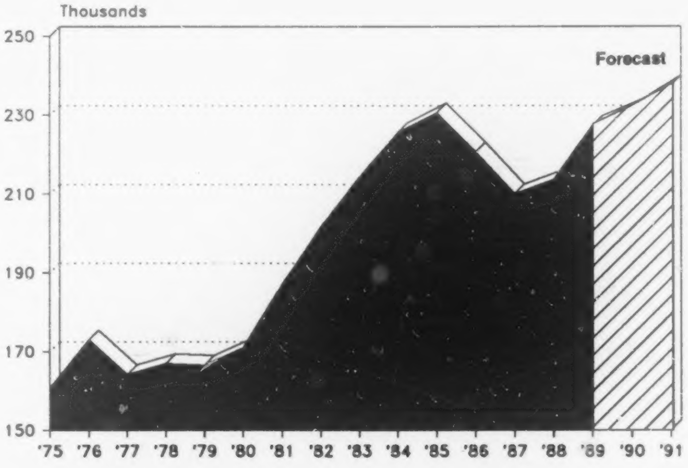
With 1989 behind us, questions arise about Alaska's economy "after the spill". Will the momentum built in 1989 serve as a springboard to continued growth? Or, was 1989 a postponement of continued Alaskan economic woes?

Forecast Calls For Continued But Slower Growth

Alaska's employment will continue to register growth during the next two years — not at the frenzied pace of 1989, but at a respectable average of slightly over 2.0% for the next two years. Growth will be stunted in 1990 because oil spill workers had a dramatic effect on total employment counts in 1989, and 1990 won't have the benefit of as many spill cleanup workers. Growth will accelerate in 1991, after the effect of the oil spill workers has worked its way out of the employment picture. (See Table 1 and Figure 1.)

Figure 1

Alaska Annual Average Nonag. Wage and Salary Employment 1975-1991



Source: Alaska Department of Labor, Research and Analysis Section

Mining Industry A Growth Leader

Mining was one of Alaska's fastest growing industries in 1989 and this industry should continue to post respectable growth during the next two years. Nine of ten wage and salary employment jobs in Alaska's mining industry are in the oil and gas industry — so the future is tied predominantly to the fortunes of the oil industry. The good news is that oil prices appear to have stabilized in the $18-20 per barrel range for the immediate horizon, and many long-term forecasts predict steadily increasing prices.

Largely because of oil price increases and a better long-term outlook, healthy growth in the oil field services sector of the industry was posted in 1989. Oil field services, which is exploration and development oriented, has been sensitive to oil price fluctuations in the past. It is this portion of Alaska's

Table 1

Alaska
Nonag. Wage & Salary Employment Forecast
1990-1991

	1988 Annual Average	1989 Annual Average	Percent Change 1988-1989	1990 Annual Average	Percent Change 1989-1990	1991 Annual Average	Percent Change 1990-1991
Nonag. Wage & Salary	213,700	227,300	6.4%	231,325	1.8%	236,850	2.4%
Goods-producing	33,500	35,900	7.2	37,850	5.4	39,200	3.6
Mining	9,600	10,100	5.2	10,950	8.4	11,550	5.5
Construction	9,000	9,800	8.9	10,550	7.7	11,075	5.0
Manufacturing	15,000	16,000	6.7	16,350	2.2	16,575	1.5
Seafood Processing	7,900	8,600	8.9	8,775	2.0	8,925	1.7
Lumber & Wood Products	2,700	2,900	7.4	3,025	4.3	3,025	0.0
Service-producing	180,200	191,400	6.2	193,475	1.1	197,650	2.2
Transportation	17,400	20,700	19.0	18,500	-10.6	18,850	1.9
Trade	42,000	44,200	5.2	45,475	2.9	46,950	3.2
Wholesale Trade	7,500	7,900	5.3	8,150	3.2	8,300	1.8
Retail Trade	34,500	36,300	5.2	37,325	2.8	38,650	3.5
Finance-Ins. & Real Estate	10,700	10,500	-1.9	10,550	0.5	10,700	1.4
Services & Misc.	43,600	47,100	8.0	48,750	3.5	50,450	3.5
Government	66,500	68,900	3.6	70,200	1.9	71,325	1.6
Federal	17,900	18,400	2.8	18,600	1.1	18,400	-1.1
State	19,400	20,700	6.7	21,350	3.1	21,575	1.1
Local	29,200	29,800	2.1	30,250	1.5	30,725	1.6

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section.

oil industry that is expected to provide continued growth during the next two years. The most significant project is the construction and development of a gas handling facility on the North Slope. The gas handling facility indicates a willingness of Alaska's oil producers to continue investing in Alaska's North Slope, given the current price outlook. Provided oil prices stay in their current range, the climate for investment and additional employment on the North Slope is good. One factor in favor of additional employment on the North Slope is that oil fields generally are more labor intensive after they reach peak production.

One question mark for the oil industry is the fate of the Drift River oil field terminal and the 15 offshore platforms it services in Cook Inlet. Flooding at the terminal caused by Mt. Redoubt's volcanic eruptions has intermittently shut down the facility. At this writing mandated improvements to the terminal are expected to take two months. This forecast assumes that the 550 jobs related to west Cook Inlet production will not be permanently affected by problems associated with the Drift River terminal site. If this proves erroneous, most of the projected oil industry growth would be wiped out.

Even if the Drift River terminal situation slows oil industry growth, hard rock mining will provide mining employment growth during the next two years. The Red Dog mine in the Northwest Arctic Borough will be operational for the full year, adding to mining's 1990 employment numbers. While no other high profile project is expected to come into full production in the forecast horizon, exploration and development activity will boost mining employment. Chief among the numerous contributing projects are the Kensington and AJ mines in Southeast Alaska. One potential drag on hard rock mining employment would be continued suspension of operations at the largest producing placer mine in the state. Should the Valdez Creek mine not reopen, this would slow growth, but the addition of Red Dog should more than offset employment losses at Valdez Creek.

Southeast, Big Projects Will Bolster Construction Industry

Construction employment is expected to grow during 1990-91. Southeast Alaska, particularly Juneau, is poised to begin several construction projects in 1990 and 1991. Juneau has one office breaking ground and another in the pipeline. In addition, a middle school and construction at area mines will boost commercial construction activity. On the residential side a 48-unit complex is in the planning stages. Projects in Ketchikan and Haines will also help propel Southeast Alaska construction employment.

Elsewhere in the state, large projects will continue to buoy the industry. Repair work on the Trans-Alaska pipeline will make a significant contribution to construction employment as will the gas handling facility on the North Slope. Southwest Alaska will have significant construction projects related to the bottomfish industry expansion and military construction. Public construction in both Fairbanks and Anchorage look to be as strong as last year, with road projects and school additions helping to bolster the industry. Military construction could place a damper on industry growth if the moratorium on construction contracts is not lifted as expected. Other big projects will finish during the forecast period, chief among those being the Bradley Lake hydroelectric dam.

Timber & Bottomfish Slowdowns Will Curb Manufacturing's Growth

Employment growth in the manufacturing industry during the last several years has been due to two factors: a growing timber industry and an expanding seafood processing industry. Timber industry employment growth was driven by a seemingly insatiable Japanese appetite for unprocessed timber, logging of Native corporation timber stands, and general improvements in the world market for forest and pulp products. Seafood processing employment increased because of the bottomfish boom in Southwest Alaska. Salmon-related processing employment has also contributed at times, but the big increases have been due to bottomfish expansion.

The timber and seafood processing components of the manufacturing industry have similar outlooks for the next two years — a slowing rate of growth. On the timber side, logging employment is expected to stay at 1989's level for 1990 and 1991. Southeast Alaska has been the primary area of timber industry activity in the state. But during the next two years the industry will continue expanding elsewhere in the state while Southeast falls back slightly. Just outside the forecast horizon are two significant events which will determine the future of the timber industry. First is the probability that most of Southeast Alaska's privately owned timber (i.e. those stands owned by Native corporations) will be harvested and that logging employment may fall dramatically when that occurs. The second is the likelihood that Tongass timber reform legislation will be implemented. The implementation of Tongass legislation will finally remove the uncertainty surrounding Southeast Alaska's timber industry.

On the seafood processing side, continued growth is expected in Alaska's bottomfish sector, but not at the torrid pace of the last several years. New processing plants are expected to come on-line in Southwest Alaska during the next two years and they will add to employment. There are signs that the bottomfish resource is being stretched thinly for some species. Fisheries which were open on a long-term basis are reaching catch quotas in a fraction of the time that it used to take. The result is plants that are very active for short periods of time, followed by periods of inactivity.

That portion of the manufacturing industry unrelated to timber and fish is dominated by newspapers, and printing and publishing firms. This portion of the industry should see some growth during the next two years. New investment in the Anchorage Times will probably bring some employment growth, but most of the growth will come from the addition of small manufacturing firms.

Reduced Oil Spill Work Force Will Affect Transportation Industry

Employment in the transportation industry is expected to fall dramatically in 1990 because of a reduction in the number of oil spill workers deployed in 1990 versus 1989. A continued oil spill cleanup effort will take place, but it won't require as many employees in 1990 as it did in 1989. Besides oil spill workers, the water transportation sector is expected to slide to lower levels. Prior to the spill, waterborne transportation employment was in a protracted slide. The spill cleanup turned this industry around. With spill cleanup activity taking a smaller role, water transportation will fall back during the next two years.

Other sectors of the transportation industry, particularly air transportation, will continue to flourish. Federal Express is expected to continue expanding, and there is a possibility that another air freight company will locate in Alaska during the next two years. The loss of international passenger traffic will hurt the industry somewhat, but if the freight industry continues developing, employment losses in air transportation will be more than offset.

Tourism-related transportation employment, which is dominated by bus services and other ground transit, should continue to contribute growth during the next two years. Just about every region of the state is adding attractions and destinations. Early bookings indicate that 1990 is going to be another strong year for Alaska's tourist industry.

In the utilities and communications portions of the industry, a reverse in population declines throughout the state has alleviated the pressure on these firms to downsize. Some slight to moderate growth as population increases and industry expansion create new needs for communications and utilities is expected.

Trade and Services Will Feel An Income Pinch

Services and trade are two sectors of the economy dependent upon the income of the general population. During 1989 the oil spill pumped a tremendous amount of income into Alaska's economy, and growth in trade and services employment somewhat reflected the increased income available to Alaska's workforce. While the economic climate of the state has changed, there is no reason to expect income growth during the next two years to be anywhere near the levels of 1989. It is this expectation that points to slower services and trade employment growth.

However, that's not to say that these two industries won't post some growth. Services, for example, had established a healthy rate of growth prior to the spill and it will continue growing after a slight downward correction. The tourism industry is partially responsible for this growth, but a generally healthy Alaskan economy is also an important factor. On the trade side, there will be continued growth in eating and drinking establishments, food stores and general merchandise store. However, growth will slow down as disposable income growth returns to normal.

Finance Sector Poised For Growth

Alaska's banking sector, the only industry whose employment levels continued to shrink during 1989, is now consolidated and poised for growth. Profits posted by the remaining institutions are likely to produce cautious expansion. In addition to a revived financial sector, the real estate market is experiencing a revival. Some sectors of the finance-insurance and real estate industry, in particular Native corporations, contributed some slow growth even during the darkest days of the recession. Combined with a strengthened banking industry, this makes the overall outlook for the next two years one of slow employment growth.

Feds to Grow in '90, Fall Back in '91.

Federal government employment will grow in 1990 largely on the strength of temporary employees hired for the 1990 Census. After the conclusion of the Census, federal government will return to normal levels and resume its historical pattern of little or no employment change.

Stabilized Revenue Picture Will Fuel Some State Growth

State government will continue to grow throughout the forecast period. Termination of the temporary positions brought on to handle oil spill work will probably contribute to a small decrease, but the underlying trend during the last two years has been toward more state government jobs. At this writing, there is less urgency among policy makers to cut into state government employment than at any time during the last four years. While the state's fiscal picture could change dramatically with oil price fluctuations or output reduction, most revenue scenarios point to stable state income capable of supporting the current level of state services throughout the forecast period.

Local School Districts Will Add Some Employment

Local government employment is expected to grow for two reasons. Most importantly, some Alaskan communities are experiencing a crunch in available school facilities. Several local governments are expanding their school capacities, and while these increases will be minimal, together they point to more education-related employment at the local government level.

Second, many local governments' revenue pictures have stabilized or improved. In 1990, local governments should receive an amount of state revenue sharing equal to what they received in 1989. And property valuations around the state are stabilizing and in some areas rising. While inflationary effects will erode the local areas' budgets somewhat, most local governments should be able to hold employment at or near 1989 levels for the next two years. Some areas may even be able to afford an increased level of services.

Summary: Alaska Will Continue Growing After A Course Correction

The outlook for the next two years in Alaska's economy is for continued, but slower, employment growth. The after-effects of the oil spill will curb employment growth in 1990, primarily because of employment slowdowns in the transportation, services and trade industries. Despite these setbacks, overall employment will remain on a growth path because of a strengthening mining industry, a growing air transportation sector, increasing tourism, continuing strength in Alaska's seafood and timber industries, and slowly growing employment in the government and finance sectors.

About the author:

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Anchorage's Economy Looks Good For Another Two Years

by Neal Fried

Anchorage's 1989 economy came on far stronger than most forecasters had predicted, partly because no one could have foreseen the oil spill. The growth that is forecast for the next two years of 3.0% and 2.4% is more modest than 1989's 4.5%. This is because oil spill activity in 1990 will be only a fraction of last year's efforts. It is also important to remember that Anchorage's economy would have expanded as much as 3% in 1989 without any help from the oil spill. It is this undercurrent of growth that will keep Anchorage's economy moving ahead during the next two years. (See Figure 1.)

Oil Industry Employment Keeps Growing

Oil industry employment in Anchorage grew 5.6% in 1989 and is expected to continue to expand at 4% a year during the next two years. Higher oil prices, development activity, and the need for maintenance will keep employment numbers growing in this industry.

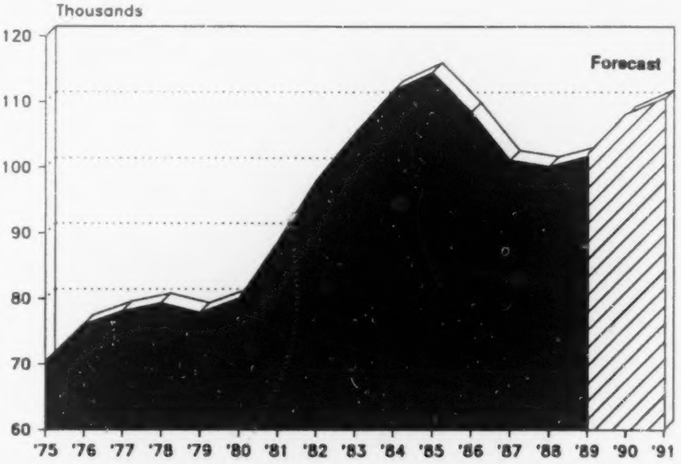
One of the big projects keeping the North Slope active will be the construction of the $450 million gas handling facility (known as GHX-1). A peak work force of 1,200 will be employed on this project alone. There will also be stepped-up activity on well workovers and pipeline replacement on the North Slope.

Another employment plus on the oil front is Alyeska Pipeline Service Company's expansion which began in 1989 and will continue through 1990. Their expansion is in response to oil spill activity and the reconstruction of sections of the Trans-Alaska pipeline. As many as 250-300 new employees could be on board by the end of 1990. Not all of the new employees will be based in Anchorage, but a significant number of them will. Although this is oil-related activity, Alyeska employment is counted in our transportation figures. Most of the reconstruction activity will be subcontracted and therefore counted in the construction sector.

Although the volume of North Slope oil fell 7.5% in 1989, and will continue to decline, it is taking an increasing

Figure 1

Municipality of Anchorage Annual Average Nonag. Wage and Salary Employment 1975-1991



Source: Alaska Department of Labor, Research and Analysis Section

Table 1

Municipality of Anchorage
Nonag. Wage & Salary Employment Forecast
1990-1991

	1988 Annual Average	1989 Annual Average	Percent Change 1988-1989	1990 Annual Average	Percent Change 1989-1990	1991 Annual Average	Percent Change 1990-1991
Total Nonag. Wage & Salary	100,200	104,750	4.5%	107,900	3.0%	110,450	2.4%
Goods-producing	9,800	10,450	6.6	11,050	5.7	11,450	3.6
Mining	3,300	3,550	7.6	3,800	7.0	3,950	3.9
Construction	4,350	4,800	10.3	5,100	6.3	5,300	3.9
Manufacturing	2,150	2,150	0.0	2,150	0.0	2,200	2.3
Service-producing	90,400	94,300	4.3	96,850	2.7	99,000	2.2
Transportation	9,250	10,000	8.1	10,400	4.0	10,500	1.0
Trade	24,150	25,300	4.8	26,150	3.4	26,900	2.9
Wholesale Trade	5,600	5,900	5.4	6,050	2.5	6,150	1.7
Retail Trade	18,550	19,400	4.6	20,100	3.6	20,750	3.2
Finance-Ins. & Real Estate	7,100	6,800	-4.2	6,800	0.0	6,950	2.2
Services & Misc.	24,450	26,450	8.2	27,250	3.0	28,200	3.5
Government	25,500	25,800	1.2	26,250	1.7	26,450	0.8
Federal	10,250	10,150	-1.0	10,200	0.5	10,150	-0.5
State	6,850	7,250	5.8	7,550	4.1	7,600	0.7
Local	8,400	8,400	0.0	8,500	1.2	8,700	2.4

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section

amount of labor to squeeze less oil out of the ground. This is good news for Anchorage's petroleum industry employment.

Construction Outlook a Mixed Bag

The construction picture in Anchorage[1] for the next two years is one of modest growth. (See Table 1.) On the private side, no large projects are expected to get underway during the next two years. Residential and commercial renovations will probably dominate private sector activity. There may also be an upturn in single family construction. Some expect the number of single family building permits to increase from 200 in 1989 to 250 to 300 in 1990. This is because there has been a rapid absorption of better grade, single family homes during the past two years.

One sizable private sector project that might get underway is the expansion of the Alyeska Resort. This depends on whether the legislature appropriates funds for infrastructure development. If funds necessary for the development become available, $6 million worth of work on utilities, roads, and parking lots will begin at Alyeska this year. Construction of the new $30-35 million hotel would commence in 1991.

Publicly-Financed Construction Will Dominate The Scene

Most of Anchorage's construction activity will be in the public sector. Highway construction should be a bit busier during the next two years than in the recent past. Work on the $22.5 million Eagle River Loop-to-Hiland Road exchange, the $10.8 million Raspberry Road extension and several smaller road projects should boost highway construction. Work could also begin in 1991 on the $40+ million expansion and widening to four lanes of the Glenn Highway from Eklutna to the Parks Highway.

The Anchorage School district will provide some construction activity as a result of the $50 million school bond issue passed last year. A new elementary school and high school (Save II) will be built, along with expansions and renovations in more than seven other schools. Military-related construction remains a question mark because of a freeze imposed by the Pentagon on any new contracts. If the freeze is lifted, military construction is expected to grow slightly in 1990. Some of the larger projects include a $5 million National Guard Aviation Center and a $3.3 million Operation Center on Elmendorf. If the freeze is not lifted, military construction in Anchorage will be minimal.

Air Transportation Is Anchorage's Dynamic Sector

There are strong crosswinds in Anchorage's air transportation sector. On one hand, Federal Express created more than 250 new jobs by late 1989 at their new package-handling operations. On the other hand, a growing number of international passenger carriers are bypassing Anchorage altogether. New long-range jets and glasnost have made this possible. This bad news for Anchorage, however, should be outweighed by expected expansion of Federal Express and increased air cargo traffic by other carriers. This could include UPS's bid to use Anchorage as their hub for the new air cargo route to

Japan. The U.S. Department of Transportation will award the route later this year.

There will be fallout, however, as a result of Anchorage losing some international passenger traffic. Most of it will be in retail trade and services. Employers such as Duty Free Shoppers and airport caterers, for example, will take the biggest hits. Duty Free Shoppers alone employs more than 200 people.

Although most Anchorage residents don't pay much attention to the international activity at their airport, its potential for further development is enormous. However, there is nothing certain about its future because of rapid changes in technology, international economics and politics.

Tourism Outlook: Hotels Will Be Crowded

Barring unforeseen surprises, Anchorage can expect to enjoy another strong tourist season. There was some worry the oil spill might put a damper on tourism in 1990, and some concern that the events taking place in Europe may lure away some of Alaska's potential visitors. In spite of these concerns, there is no evidence they are having a major effect. Actually, most of the major tour operators are reporting strong bookings. Most hotels are already full for July and August. And if the industry were to be judged by their future plans there is a tremendous amount of confidence.

Some of these plans include the expansion of the Alyeska Resort, a new hotel in Denali State Park, additional cruise ships, the Native Heritage Park, and the development of Ship Creek. A big stumbling block for any major expansion in Anchorage is the short visitor season. Hotels are fully booked for three or four months out of the year, but it is hard to justify building a hotel that remains largely empty during most of the year.

The Retail Trade And Service Boom Will Cool Down in 1990 and 1991

The service industry, Anchorage's largest, added 2,000 new jobs in 1989, an 8.8% growth rate. Trade followed closely behind with 1,150 new jobs or 4.8% growth. This phenomenal growth was fueled by a growing confidence and improvement in the local economy, and oil spill activity. Oil spill activity helped fill the hotels early. Also, many supplies and needed services were purchased from Anchorage businesses. A repeat of this performance is not expected in 1990 and 1991, although employment is projected to grow. Both continued confidence and improvement in the Anchorage economy will keep services and trade expanding, but at a far slower rate.

Finance-Insurance and Real Estate: The Last Industry To Recover

This industry was on the front lines of the 1986-1988 oil bust and real estate collapse. Since 1986 eight Anchorage-based financial institutions were forced to close their doors; the last two in January of this year.

No additional financial institutions are expected to close their doors during the forecast period. Real estate values have hit bottom and in some cases have begun to climb again. Real estate activity has increased quite dramatically. Vacancy rates in commercial and residential space are falling. Bids above asking price on the residential side are now commonplace, for the first time in four years. Anchorage registered its first population increase since the recession in 1989; the municipal demographer is predicting a larger increase in 1990. Although it will be years before much of the bad debt is absorbed and all the wounds are healed, the worst appears to be behind for this industry. This forecast projects small job increases over the next two years for the finance-insurance and real estate industry.

Employment in State and Local Government Looks Healthy

For the first time in four years a state revenue crisis is not looming over the state and local government sectors. Strong oil prices will allow state government employment to continue to grow through 1991, although at a slower pace than 1989.

Local government is also expected to grow for the first time in five years. Employment at the Municipality of Anchorage is expected to remain stable after four years of decline. The Anchorage School District's 1990-1991 budget is projected to grow approximately 6.6% which will allow for over 100 new positions.

A Cloud Hangs Over The Federal Sector

The federal budget deficit, reductions required by the Gramm-Rudman Act, and cuts at the Pentagon are making employment in Anchorage's federal sector more uncertain. Currently, all military federal service employment is frozen, which means attrition is taking its toll. The freeze could be lifted relatively soon. If it is not, it would affect overall federal civilian employment levels, since the military accounts for half of these jobs.

On the uniformed military side, Anchorage is going to lose in 1990. In the spring approximately 400 soldiers will be moved from Ft. Richardson in Anchorage to Ft. Wainwright in Fairbanks. This transfer is not expected to affect the level of civilians on Ft. Richardson but it will mean fewer soldiers seeking housing and buying goods and services in Anchorage.

One event that will temporarily help bolster the federal sector during 1990 is the Census Bureau's effort to count our population. They will employ a peak temporary work force of 230 in Anchorage in 1990. A new Air National Guard unit that is being activated in Anchorage will also help. These additions should keep federal employment levels largely unchanged.

Anchorage's Job Market Will Be Above Average

A repeat performance of Anchorage's record low unemployment rates of 1989 is not expected because the oil spill clean-up work force will be smaller. However, job opportunities should remain better than average because the economy will continue to grow. There are signs the national labor market is beginning to soften, which could mean Anchorage's job market may become host to more job seekers from the lower 48 than it has in recent years. Therefore, the local labor market could become more competitive during the next two years.

Conclusion: Anchorage's Economy Solid For The Next Two Years

Strong oil prices, healthy oil revenues, a booked tourism season, and a boost from air transportation should keep Anchorage's economy in forward motion for the next two years. Although Anchorage's economy will not get the extra stimulus it secured from the oil spill, almost all of the basic industries are on solid ground. Even the much maligned finance-insurance and real estate industry is forecast to make some progress after many years of decline.

However, the freezes imposed by the Pentagon on construction and personnel, along with losses associated with international passenger traffic, remind us of the fragility of the economy. Before the 1986 recession, annual economic growth was almost an article of faith. This is no longer taken for granted. And it is for this reason that even modest growth in Anchorage's economy is welcome news.

About the author:

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Note:

[1] The lion's share of Alaska's construction contractors are headquartered in Anchorage, but their work takes place all over the state. While Alaska Department of Labor industry employment figures measure employment by place of work, this is problematic given the mobile nature of the construction industry. A significant amount of construction activity that takes place elsewhere in the state is counted in Anchorage, and therefore Anchorage construction employment figures are larger than what local construction activity would support. This is not a problem unique to Anchorage, or the construction industry. But it tends to affect those industries which relocate their worksites on a regular basis.

FAIRBANKS FORECAST: 1990-91

The '90s Begin With Moderate Growth

by Holly Stinson

The Fairbanks economy grew 3.9% in 1989; the first two years of the new decade should see continued growth. (See Figure 1.) While mining and manufacturing were the only industries to lose jobs in 1989, this forecast shows all industries either growing or holding their own in 1990. In 1991 only one industry — construction — is forecast to lose ground. (See Table 1.)

Cleanup Can't Take Credit for Growth in Fairbanks

Unlike Anchorage and the Gulf Coast communities, the oil spill cleanup had a minimal impact on Fairbanks. VECO, the cleanup contractor, spent about 1% ($3.8 million) of their total bill for materials and services in Fairbanks. Just about all of 1989's growth, then, can be attributed to factors other than a one-time boost from spill cleanup activity. And those same factors should keep the economy growing at a moderate 3% pace in 1990.

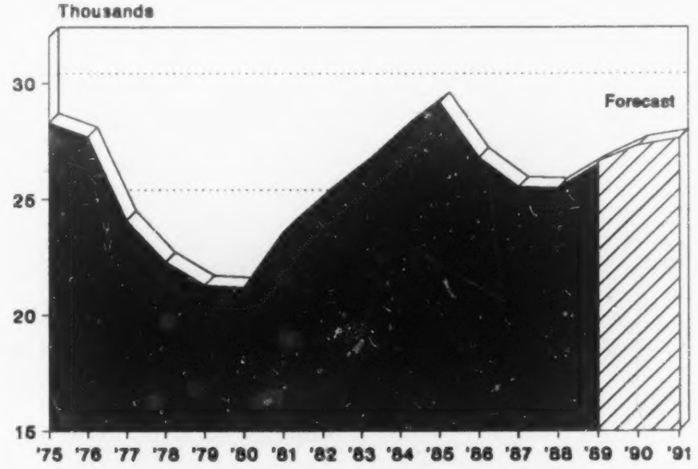
Military Bolsters Construction Employment

A big surprise in 1989 was the strength of Fairbanks' construction industry. Military construction was one factor keeping employment up — it is estimated that about 40% of construction jobs in Fairbanks last year were military-related. Military construction should decline in 1990 and then drop off sharply in 1991. This situation could worsen if the current moratorium on new construction awards is not lifted in April 1990 as expected. Assuming it is lifted, four recreational facilities are slated to be built or expanded during 1990 and completed by late 1991.

Another military project, the Air Force's backscatter radar, continues to experience delays. A Fairbanks firm may begin site work this year near Tok, but this project is not significant in terms of new construction jobs for 1990 or even 1991.

Figure 1

Fairbanks North Star Borough Annual Average Nonag. Wage and Salary Employment 1975-1991



Source: Alaska Department of Labor, Research and Analysis Section

Table 1

Fairbanks North Star Borough Nonag. Wage & Salary Employment Forecast 1990-1991

	1988 Annual Average	1989 Annual Average	Percent Change 1988-1989	1990 Annual Average	Percent Change 1989-1990	1991 Annual Average	Percent Change 1990-1991
Total Nonag. Wage & Salary	25,500	26,500	3.9%	27,300	3.0%	27,600	1.1%
Goods-producing	2,250	2,300	2.2	2,400	4.3	2,175	-9.4
Mining	200	150	-25.0	175	16.7	200	14.3
Construction	1,450	1,600	10.3	1,675	4.7	1,400	-16.4
Manufacturing	600	550	-8.3	550	0.0	575	4.5
Service-producing	23,300	24,300	4.3	24,900	2.5	25,425	2.1
Transportation	1,800	1,900	5.6	1,950	2.6	1,975	1.3
Trade	5,700	5,900	3.5	6,000	1.7	6,125	2.1
Wholesale Trade	700	700	0.0	725	3.6	750	3.4
Retail Trade	5,000	5,150	3.0	5,275	2.4	5,375	1.9
Finance-Ins. & Real Estate	850	850	0.0	875	2.9	875	0.0
Services & Misc.	5,800	5,950	2.6	6,150	3.4	6,300	2.4
Government	9,150	9,700	6.0	9,925	2.3	10,150	2.3
Federal	2,850	3,100	8.3	3,150	1.6	3,250	3.2
State	3,850	4,050	5.2	4,150	2.5	4,250	2.4
Local	2,550	2,550	0.0	2,625	2.9	2,650	1.0

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section

Pipeline Repairs Create Construction Jobs

Major repair work on the Trans-Alaska oil pipeline got underway in 1989. Fairbanks is serving as headquarters for work crews on the northern section of the pipeline. An increased effort is scheduled for '90 and '91; ongoing tests will determine if even more repair work is needed than already scheduled. This project could add significantly to Fairbanks' construction employment for the next several years.

Hotel, Road Building Add to Construction Sector

Several road projects will add to public sector construction activity in Fairbanks. The Alaska Department of Transportation and Public Facilities estimates that 1990's budget will be double that of 1989 for Fairbanks road work, and spending in 1991 should be similar to this year's.

In the private sector, one large construction project is tentatively scheduled for Fairbanks. Princess Tours plans to build a $10 million, 200 room hotel during 1990 and 1991. The project hinges on arranging a lease for land owned by the Alaska Railroad.

New Projects May Boost Tourism

A large new hotel in Fairbanks would provide many construction jobs in the next two years, and then give the tourism industry a boost after completion. Another project which could help tourism is in the planning stages. The Fairbanks Historic Preservation Foundation wants to acquire a gold company's abandoned buildings and turn them, along with their contents of gold mining paraphernalia, into a museum.

Tour operators are expecting the 1990 season to be as good or better than 1989's, and the 1989 tourist season was good in spite of fears that the oil spill would keep tourists away. As elsewhere in the state, tourism is expected to only move in one direction — upwards.

More Soldiers and Dependents Factor In Employment Growth

A significant factor contributing to Fairbanks' growth in 1989 was the increased number of military and their families. They created additional demand for goods and services at local businesses, and helped to ease the surplus in Fairbanks' housing market.

The 6th Light Infantry Division at Fort Wainwright will add close to 1,000 people (uniformed personnel and their dependents) over the next two years to reach full strength. These new residents will add demand for local goods and services, giving an upward push to employment in the trade and services sectors.

Slow Turnaround for Finance-Insurance & Real Estate

Although property tax assessments fell in the North Star Borough for the fourth year in a row, things are not as grim as this indicator makes it seem. The average asking price for most types of housing has begun to turn around after a three year slide.

That is not to say, however, that real estate is appreciating rapidly. In fact, some housing stock is still decreasing in value. In addition, surplus real estate, including some owned by financial institutions, has yet to enter the market. Some units may be demolished, but others will eventually go up for sale. The influx of military personnel won't absorb much of the excess real estate; the two new military housing projects should accommodate all the incoming soldiers and dependents for the next two years. Fairbanks real estate may have hit bottom, but it is still bumping along that bottom.

On the financial side of this industry, bank and credit union employment is rebounding somewhat. By all accounts the shakeout of financial institutions associated with the latest recession is over. The finance-insurance and real estate industry held its own in 1989 and may gain a tiny number of jobs in 1990 and 1991, but recovery in this industry will be slow.

Mixed News on the Retail Trade Front

Fairbanks retailers had a banner year in 1989. The $10.5 million paid to Fairbanks residents for oil spill cleanup work no doubt contributed to increased sales. But Fairbanks already lost a major retailer in 1990 when Nordstrom closed their doors in January. At the same time, Sears, Roebuck and Co. administrators are looking at building a new store. Whether or not a new retail store is built, jobs in the trade sector should continue to grow as the Fairbanks economy grows and the population increases.

Little Change Forecast for Transportation, Communications Industry

There's no dramatic change on the horizon for this industry. Employment in the communications sector has fallen slightly (and will continue to fall) as remote radar sites are further automated. These small declines should be more than offset by increases in other components of this industry. A growing population, expanding economy, and the need for transportation of pipeline repair equipment are all reasons to forecast an increase in jobs in this industry.

The big news in Fairbanks' transportation industry is the possibility of hosting a new air cargo route to Japan. If Emery's bid is successful, it would initially mean 16 round trip flights a week stopping in Fairbanks to be refueled while cargo with Alaska destinations is off-loaded. It would not mean a tremendous increase in employment, but would bring in several million dollars in new money and could lead to expansions in the future.

Bulging Classrooms Will Boost Local Government Employment

Local government employment is projected to grow in 1990 only because of additional jobs with the school district. School enrollment reached an all-time high in September 1989. As a result, classrooms bulged and teachers were forced to take on even more students than usual. For the 1990-91 school year, the budget will increase $4 million, allowing for an additional 90 jobs.

The City of Fairbanks, in light of well-publicized financial struggles, will do well if their employment only dips slightly. The City's 1990 budget is $3 million below last year's, and staffing cuts, mostly through attrition, are already being made. The Borough's budget is in better shape, with no major changes expected.

Slow Growth Predicted for Federal Jobs

Employment with the federal government jumped 8.8% in 1989. As new and expanded military facilities opened, civilian employment climbed. However, no further job increases of this magnitude are expected.

Army headquarters staff will relocate from Fort Richardson in Anchorage to Fort Wainwright in Fairbanks in the summer of 1990. This means a move for 400 uniformed personnel, but no increase in civilian employment is anticipated with the move. The number of full-time jobs with the Air National Guard has been on the rise and will increase slightly in both 1990 and 1991. Total federal government employment (civilian and other) should increase on an annual average basis by 50 in 1990 and 100 in 1991.

UAF Responsible for Some Employment Gains in State Government

On the education side of state employment, UAF's Poker Flat rocket range is slated for a three year, $30 million upgrade using federal funds. So far $10.8 million has been allocated for design of six new buildings and renovation of existing ones. Any construction (other than some road work) awaits federal funding. While this expansion translates into only a few full-time jobs, it may help offset the decrease in military construction activity for 1991. Healthy oil prices should allow for some increase in state employment both on the education and noneducation side.

Another Gold Rush for the '90s?

One of the most promising industries for future development and employment in the Fairbanks area is hard rock mining. Fairbanks Gold, Ltd. plans to double their budget in 1990 for exploration at the Fort Knox gold deposit. They would employ up to 80 seasonal workers. If this year's exploration justifies it, development could begin during this forecast's time frame.

Preliminary exploration at the Fort Knox deposit has already created spinoff exploratory work in other areas near Fairbanks. State officials estimate that total exploration dollars for the Fairbanks region increased from $6.3 million in 1988 to about $9 million in 1989. That figure should reach $12-13 million in 1990. Hard rock mining is already boosting employment in northern and southeast Alaska, and Fairbanks could follow suit in the near future.

Conclusion: Healthy Economy in Fairbanks' Future

Many factors are contributing to a rosy outlook for Fairbanks' economy. Construction projects are one factor, including pipeline repairs, military and road work; new stores and/or tourist facilities may also be built.

The military population continues to grow, along with some increase on the civilian side. Retailers are looking forward to increased sales in 1990 after setting records in 1989. Even the real estate industry showed signs that its slide has hit bottom, if not turned around.

The air transportation industry is trying to win a new cargo route to the Orient, and all three government sectors (federal, state and local) are slated to grow. Hard rock mining looks the most promising of all for future growth.

A moderate growth rate of 3% is forecast for Fairbanks in 1990, and 1.1% the following year. Although a far cry from the growth Fairbanks experienced in the early 1980s, a slower, steadier growth might be more welcome than an unchecked boom.

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SOUTHEAST FORECAST: 1990-91

Southeast to Maintain Steady Growth

by Brian N. Rae

Last year, this author projected 1989 to be a year of very moderate growth for the Southeast economy, with employment increasing about 1%. Others held different opinions, most believing employment would at best hold even with its 1988 levels. The fact that the Southeast economy posted a 4.4% increase in employment demonstrates its underlying strengths, which will continue to bolster the region's economy during this two year forecast period.

The Southeast economy is projected to post annual employment gains of around 3.5% for 1990 and 1991. Part of these gains can be directly attributed to the strength of certain industries in the area, the rest to the continuing diversification and maturation of the Southeast economy.

All Sectors Healthy — But Some Healthier Than Others

Southeast's economy has been see-sawing in its growth over the past several years, with the goods-producing industries growing while the service-producing industries floundered and vice versa. This occurred in the first half of the 1980s, with declines in the weak timber and seafood markets being offset by increased employment in the service-producing industries. The trends reversed in the latter half of the decade, with increased demand leading to a resurgence in activities in the goods-producing industries, while the decline in oil revenues hurt the service-producing industries.

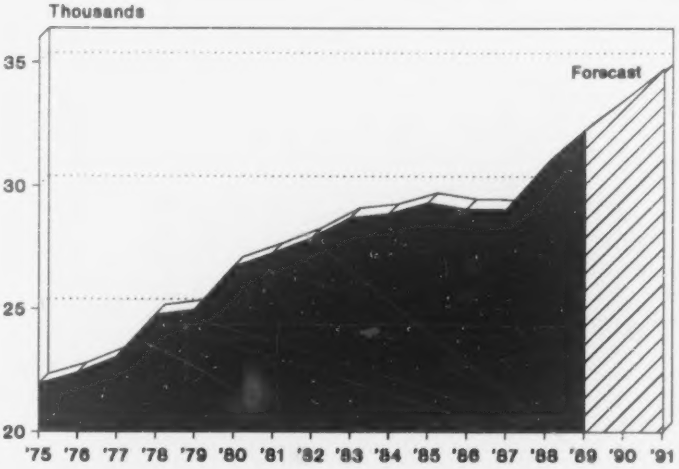
These same types of relationships are forecast for the region over the next two years. While both goods- and service-producing sectors will show increases, most of the gains will be fueled by growth in the goods-producing sector, causing secondary increases in certain service-producing industries.

Goods-producing Industries Provide Short Term Strength for Region

During 1989, the service-producing industries played catch-up while growth in the goods-producing industries slowed. For the two year forecast period, the goods-producing sector should again lead in growth. However, this growth is not projected to be evenly distributed among the various industries. Both seafood processing and timber, strong

Figure 1

Southeast Alaska Annual Average Nonag. Wage and Salary Employment 1975-1991



Source: Alaska Department of Labor, Research and Analysis Section

Table 1

Southeast Alaska Nonag. Wage & Salary Employment Forecast 1990-1991

	1988 Annual Average	1989 Annual Average	Percent Change 1988-1989	1990 Annual Average	Percent Change 1989-1990	1991 Annual Average	Percent Change 1990-1991
Total Nonag. Wage & Salary	30,850	32,200	4.4%	33,375	3.6%	34,475	3.3%
Goods-producing	6,400	6,500	1.6	6,825	5.0	7,125	4.4
Mining	200	300	50.0	375	25.0	500	33.3
Construction	1,050	1,100	4.8	1,225	11.4	1,475	20.4
Manufacturing	5,150	5,150	0.0	5,275	2.4	5,200	-1.4
Durable Goods	2,650	2,700	1.9	2,750	1.9	2,675	-2.7
Lumber & Wood Products	2,550	2,550	0.0	2,550	0.0	2,450	-3.9
Nondurable Goods	2,450	2,400	-2.0	2,475	3.1	2,475	0.0
Seafood Processing	1,400	1,300	-7.1	1,350	3.8	1,350	0.0
Pulp Mills	900	950	5.6	950	0.0	950	0.0
Service-producing	24,500	25,700	4.9	26,550	3.3	27,350	3.0
Trans., Communications & Utilities	2,250	2,350	4.4	2,450	4.3	2,600	6.1
Trade	4,850	5,200	7.2	5,375	3.4	5,600	4.2
Wholesale	450	550	22.2	575	4.5	600	4.3
Retail	4,400	4,600	4.5	4,750	3.3	4,950	4.2
Finance, Insurance & Real Estate	1,000	1,050	5.0	1,100	4.8	1,150	4.5
Services & Miscellaneous	4,950	5,150	4.0	5,400	4.9	5,600	3.7
Government	11,450	12,000	4.8	12,275	2.3	12,450	1.4
Federal	1,950	2,050	5.1	2,100	2.4	2,100	0.0
State	5,150	5,450	5.8	5,550	1.8	5,600	0.9
Local	4,350	4,450	2.3	4,575	2.8	4,700	2.7

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section

performers over the past several years, are expected to hold about even in employment.

Last year was a down year for seafood processing employment, with employment declining over 7% or 100 jobs on an annual average basis. In perspective, 1988 was a record year for seafood employment, so declines were expected. Early indicators show 1990 employment levels might increase slightly in comparison to last year, then stabilize in 1991.

Southeast timber employment is forecast to remain nearly flat during the forecast period. Employment during the last two years has been at near maximum levels, with many companies unable to find employees with the necessary skills. For this reason, employment gains seem unlikely. The final version of Tongass timber legislation is still not known. It is assumed that, no matter what the long range impacts of the final legislation, it will not directly affect any industry's employment during the two year forecast period.

Mining and Construction Big Gainers

The newest "big" player in the goods-producing sector is the smallest industry in Southeast. Mining accounted for less than 1% of total Southeast employment in 1989, even though it posted an employment gain of more than 50% compared to the previous year. Mining activities, particularly in the exploration and development stages, impact many different industries.

The development of the Greens Creek mine on Admiralty Island provided an example of how such projects affect local economies. The transportation, construction, trade, and service industries all saw economic gains from the Greens Creek project. Similar scenarios should unfold with development of other mines, such as the Kensington and the Jualin in Southeast and the Johnny Mountain and Windy Craggy mines in Canada.

Exploration activity continues to increase, with the potential for several new mines being established in Southeast. However, most mining ventures require several years before they actually begin operations. Over the next two years, mining will continue its strong growth, but its most important effects will be felt in other industries.

The other goods-producing industry, construction, will likely see increasing activity through the development of new mines in Southeast. Projects like the Kensington mine north of Juneau are already employing construction workers. As such ventures move from the exploration into the development stage, larger construction crews will be put to work. Slowly, construction workers will be replaced with miners as mining operations begin.

Increased mining activities are not the only reason construction employment will rise. The market for residential and commercial properties has strengthened considerably over the last year. Many areas in Southeast are experiencing housing shortages. Housing projects of a scale not seen in several years are planned for Juneau, Ketchikan, and Haines.

While certain large construction projects ended in 1989, it appears that others will come on-line during the forecast period which will more than compensate for any declines in employment. Ketchikan is seeing several major projects, such as the Cape Fox/Westmark hotel venture currently under construction and renovation of the high school. Juneau projects include a new school, a new building to house the Department of Environmental Conservation and a new office complex to temporarily hold federal offices displaced during the removal of asbestos at the Juneau Federal Building.

Strengthening housing markets should also help the construction industry. Housing prices throughout Southeast have seen increases, particularly in those areas hardest hit by the recent recession. Juneau's housing prices were increasing by 1% per month in 1989 according to local realtors.

A tight housing market and speculation on the impacts of the Windy Craggy mine on Haines' economy are bringing about new construction activities. Infrastructure supporting the mine, including docks and road improvements, will be built over the next several years. Of more immediate importance is the newest residential construction boomlet occurring in Haines. The mine's preliminary socioeconomic impact study projects over 150 new jobs in Haines from the mining operations. This, in combination with the area's currently tight housing market, is leading to renewed interest in residential construction.

Service-producing Industries

The service-producing industries should post significant employment gains over the forecast period. However, following 1989's gain of 4.9%, the projected increase of 3.3% per year might seem small. This represents 850 new jobs in the Southeast economy each year.

Mining and Logging Activity Will Spur Transportation Growth

Of the service-producing industries, transportation, communications, and utilities (TCU) should show the greatest percentage gains over the forecast period. Much of this growth will be directly related to mining activities in the region, transporting supplies and construction materials into the mine sites. This industry will also see growth from activities occurring across the border. The Wrangell area has already seen increased activities in TCU brought about by the Johnny Mountain mine in British Columbia. Developmental work at other mines should continue this trend throughout Southeast.

The other key variable in transportation employment is tourist traffic. Early indications are that 1990 will be another good year, with some increase in cruise ship traffic throughout Southeast. The outstanding issue in Southeast tourism is, oddly enough, Eastern Europe. There are some concerns that cruise ship clientele currently visiting Alaska might be diverted to the rapidly opening Europe, where many trace their genealogical roots. With the continuing instability of many European countries, there should be little impact in 1990. As these countries stabilize and offer the amenities demanded by American travelers, however, they may attract a significant share of potential Alaskan tourists.

Trade and Services Ride the Tide of a Growing Economy

The other service-producing industries are less directly linked to the goods-producing industries, usually relying more on the health of the overall economy in an area than the health of one particular industry. This may be an academic point in small communities which rely on one major industry, but for areas with more economic diversity the service-producing industries can ride the tide of the overall economy.

Trade serves as a good example. Last year 350 additional jobs were created in trade in Southeast. Some of this increase occurred in stores which supply specific industries. However, most of the increase occurred through expansion of existing establishments supplying the people in a community. Increasing populations, incomes, and confidence in the future led to more money being spent and an increase in trade.

Both trade and services should remain strong during the forecast period. Although trade will not keep up with its 1989 growth rate, there should be about 400 new jobs created in this industry by the end of 1991. Some of this growth can be attributed to certain activities such as mining, but a large portion will occur because of restored confidence in the state's economy. This should boost employment even in those areas removed from any mining activity.

The services industry will continue at about the same rate of growth as 1989, averaging 225 new jobs per year over the forecast period. Services employment in Southeast is nearly the same size as trade, and will grow for much the same reasons. Though some new firms may be created or expanded in response to specific new projects, most of the employment gains will be the result of more people and more money in Southeast. Unlike trade, the service industries might have room for accelerated growth in 1990 before slowing in 1991.

Good Real Estate Markets, Restructuring Strengthen FIRE

The remaining private sector employer, the finance-insurance and real estate industry (FIRE), has lived through some rough times over the last several years. Last year saw a small increase in employment, and 1990 and 1991 should continue along the same course. Those financial institutions that remain seem, for the most part, healthy. Concern over losses incurred by some credit unions continues, but none of the current institutions are expected to reduce their workforce or close their doors in the next two years. There is some speculation that certain financial institutions will actually expand in the next several months.

On the real estate side of FIRE, the housing market has firmed up significantly. Unfortunately for the realtors, the market is strong but there seems to be a shortage of houses for them to sell. The market is now so strong that some condominiums and trailers, the two types of housing hardest hit in the recession, are staging a comeback and are again beginning to sell.

Public Sector Growth Slower than Private

Public sector employment will also grow over the next two years, but at a much slower pace than the remainder of the economy. For 1990, federal government employment will be flat except in one area, census employees. These employees will be short term and, although there will be many of them, their inclusion will have little impact on the annual average employment levels. There should be little or no growth in 1991 as new hires only replace those hired to perform the census.

Projected state spending for fiscal year 1991 (July 1, 1990 through June 30, 1991) will maintain current employment levels, with some small gains possible. Recent revenue projections ease the worry of revenue shortfalls for the near future and reducing state services is particularly difficult without the threat of a budget deficit. With the elections of 1990 behind them and prospects of budget deficits looming closer on the horizon, legislators will face mounting pressures to reduce state spending. During 1991, state employment is projected to increase only fractionally.

Local government employment should increase at a more rapid pace than state government employment. There are pressures to reduce local government employment. However, as more responsibilities are transferred from the state to the localities local government employment will be pushed upward. In addition, some local revenues should be up as property values are beginning to increase.

Outlook: Continued, But Slightly Different, Growth

Southeast employment levels surprised most economists last year by posting impressive gains, and this upward trend should continue during the next two years. Growth will neither be quite as high as 1989's nor shared by the same industries.

During 1990 and 1991, the goods-producing industries should lead in growth, while service-producing industries will feel both direct and indirect impacts. In the goods-producing industries, mining and construction will show the strongest growth, although seafood and timber will continue to provide a larger share of the jobs and income in the region.

Transportation, communications, and utilities will be the service-producing industry with the greatest growth rate, mainly through its links with mining. The remaining private sector industries should show continued growth during the forecast period, with public sector employment lagging somewhat behind.

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February Posts Continued, But Slower, Growth

by Brian N. Rae

February 1990 had a somewhat dubious distinction in the state's recent economic history. For nearly three years, Alaska's unemployment rate had improved in comparison to the rate posted 12 months earlier. June 1987 marked the beginning of falling unemployment rates, but this February's rate of 8.8% equals that of February 1989, ending the downward trend. (See Figure 1.)

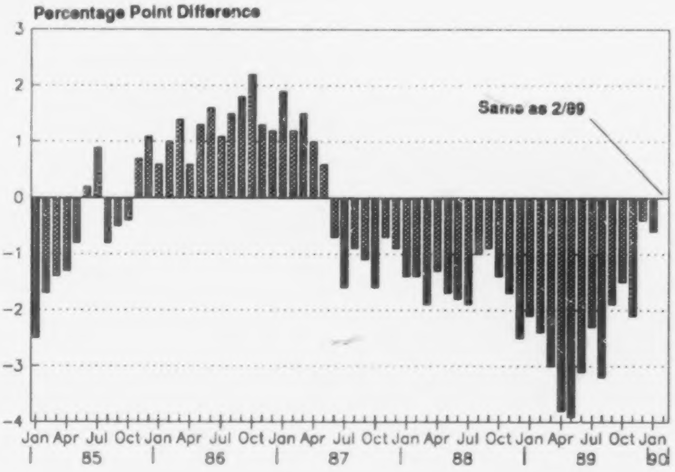
Although February ended the string of improved unemployment rates, it was clear that Alaska's unemployment rates could not fall forever. Alaska has traditionally had high unemployment rates, particularly in the winter. An 8.8% rate in February is no cause for alarm. Other indicators show the economy healthier than it has been over the past few years. (See Table 2.)

One such indicator is total wage and salary employment, which increased 10,600 over the last 12 months and 4,700 since January. (See Table 1.) Statewide employment gains are not limited to certain areas. Every region in the state showed employment increases when compared to February 1989.

Equally important is that all the major industries shared in this employment growth. Although some regions and some industries are healthier than others, there is growth across the entire economy.

Figure 1

Unemployment Rate Changes Compared to Prior Year



Source: Alaska Department of Labor, Research and Analysis Section

Nearly Two Years of Employment Growth

February's employment estimate is the twenty-first straight month with over the year employment gains. (See Figure 2.) Over the year employment increases are becoming smaller, and this trend will continue as future employment estimates are compared to year ago levels. This will happen because 1989 employment was boosted by the oil spill cleanup employment. With the small number of spill related workers employed in February, nearly all of the 10,000 additional employment can be attributed to factors other than the oil spill.

Overall Employment Up 5.1%

Each major industry in Alaska registered gains during the last 12 months. Only two industries are posting less than impressive levels of growth — manufacturing and finance-insurance and real estate (FIRE). Of

Table 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	217,700	213,000	207,100	4,700	10,600
Goods-producing	29,900	28,200	28,200	1,700	1,700
Mining	10,600	9,900	9,500	700	1,100
Construction	7,000	7,000	6,600	0	400
Manufacturing	12,300	11,300	12,100	1,000	200
Durable Goods	2,500	2,200	2,400	300	100
Lumber & Wood Products	1,800	1,500	1,800	300	0
Nondurable Goods	9,800	9,100	9,700	700	100
Seafood Processing	6,100	5,500	6,100	600	0
Pulp Mills	900	900	900	0	0
Service-producing	187,800	184,800	178,900	3,000	8,900
Transportation	18,000	17,900	16,400	100	1,600
Trucking & Warehousing	2,100	2,100	2,000	0	100
Water Transportation	1,100	1,000	1,000	100	100
Air Transportation	6,000	6,200	5,300	-200	700
Communications	3,200	3,200	3,100	0	100
Trade	42,200	42,400	40,200	-200	2,000
Wholesale Trade	7,800	7,800	7,200	0	600
Retail Trade	34,400	34,600	33,000	-200	1,400
Gen. Merch. & Apparel	5,100	5,300	4,800	-200	300
Food Stores	6,400	6,500	5,900	-100	500
Eating & Drinking Places	11,800	11,700	11,800	100	0
Finance-Ins. & Real Estate	10,500	10,400	10,400	100	100
Services & Misc.	46,100	45,700	43,500	400	2,600
Hotels & Lodging Places	4,300	4,300	4,000	0	300
Government	71,000	68,400	68,400	2,600	2,600
Federal	18,400	18,400	17,500	0	900
State	21,400	19,700	20,700	1,700	700
Local	31,200	30,300	30,200	900	1,000

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

these two, FIRE is the only one with real problems. Over the past several years, this industry has been rocked by the failures of many financial institutions and by a weakening in the real estate market. Most of these problems seem to have run their course, and the over the year increase helps confirm this.

The over the year drop in manufacturing employment is not as bad as it might first appear. Employment levels were fairly high in manufacturing last February and a large employment gain was not expected. February levels might have been higher, but some processors were running below capacity because of an early pollock fishery closure. The other major component of manufacturing, the timber industry, has been strong since 1988. There is little room for increased employment in Southeast, the industry stronghold. However, expansion into the Kenai Peninsula and Interior Alaska helped keep employment steady over the year and gaining over the month.

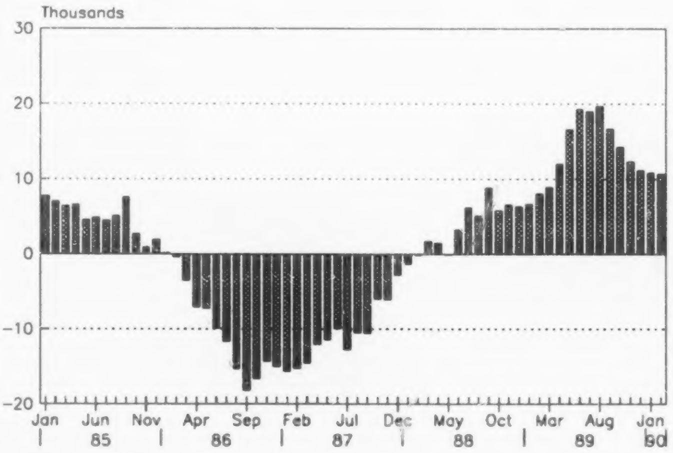
All other private sector industries posted at least 5% employment gains over the year, with mining leading the pack at nearly 12%. The startup of the Red Dog mine and continued expansion at the Greens Creek mine have boosted hard rock mining employment from levels of a year ago. Most of the gains, however, occurred in the areas of oil field services with increasing activities in the Northern region.

Transportation, communications and utilities (TCU) employment was the other big gainer for the year. Of these diverse industries, air transportation and utilities showed the largest gains. While the Mt. Redoubt volcano had some effect on transportation employment, the problems caused by its eruption extended to other industries.

Several major carriers announced their intention to cancel many flights through Anchorage, opting instead for the more direct overflight of the Soviet Union. Japan Airlines announced a long term

Figure 2

Employment Changes Compared to Prior Year



Source: Alaska Department of Labor, Research and Analysis Section

reduction from 17 flights per week to 4. Korean Airlines plans reductions of about 16% in its lucrative international passenger travel through Anchorage.

Over the year transportation employment increased in large part due to the Federal Express cargo handling facility. Other air freight firms are considering basing cargo handling facilities in Alaska in the near future. This should keep the air transportation industry healthy, even with reduced passenger flights passing through Alaska.

TCU has been under increased scrutiny over the past year, since this industry employed the bulk of oil spill cleanup workers. However, the spill did not influence employment until April 1989. The February data presented here compares the somewhat inflated industry employment with pre-spill data. The near 10% gain, or 1,600 new workers, cannot be accounted for solely by the spill, indicating underlying growth in the industry.

The services industry remained healthy, increasing its employment by 2,600 over the year and 400 for the month. Most of the gains, however, were occurring in the Anchorage/MatSu and Southeast regions and are not seen in other areas of the state.

Government employment contributed more than half of the over the month gain in total employment. This rise in government employment can be attributed to one area — education. Teachers in local school districts and the University system were on the jobs in January, but many temporary, part time and student employees were not on the payrolls until February.

Over the year, government employment showed increases at all three levels — federal, state and local. All of the federal gains occurred outside of the military. State and local employment gains were split between education and noneducation, with 55% accounted for by educational positions.

Trade employment was, not unexpectedly, down from its January levels. The December/January period saw higher employment levels for the Christmas season and for inventory work. Over the year, trade posted nearly a 5% increase in employment.

Anchorage Continuing to Grow

The Anchorage area is again claiming a leadership role in Alaska's economic gains. Growth as measured on a percentage basis is still behind several other areas in Alaska. Still, the total number of jobs being added shows that

(continue on page 22)

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	103,850	102,750	99,300	1,100	4,550
Goods-producing	9,050	8,800	8,750	250	300
Mining	3,700	3,500	3,550	200	150
Construction	3,450	3,400	3,400	50	50
Manufacturing	1,900	1,900	1,800	0	100
Service-producing	94,800	93,950	90,550	850	4,250
Transportation	9,950	9,850	8,800	100	1,150
Trucking & Warehousing	1,300	1,300	1,200	0	100
Water Transportation	250	200	200	50	50
Air Transportation	3,800	3,800	3,300	0	500
Communications	1,900	1,850	1,750	50	150
Trade	25,000	25,150	23,850	-150	1,150
Wholesale Trade	5,800	5,850	5,500	-50	300
Retail Trade	19,200	19,300	18,350	-100	850
Gen. Merch. & Apparel	2,650	2,750	2,450	-100	200
Food Stores	3,150	3,200	2,900	-50	250
Eating & Drinking Places	7,400	7,350	7,300	50	100
Finance-Ins. & Real Estate	6,850	6,800	6,950	50	-100
Services & Misc.	26,650	26,350	25,000	300	1,650
Hotels & Lodging Places	2,300	2,400	2,150	-100	150
Government	26,350	25,800	25,950	550	400
Federal	10,050	10,250	10,100	-200	-50
State	7,800	7,100	7,350	700	450
Local	8,500	8,450	8,500	50	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	25,300	24,800	24,150	500	1,150
Goods-producing	1,800	1,750	1,600	50	200
Mining	150	100	100	50	50
Construction	1,150	1,150	1,050	0	100
Manufacturing	500	500	450	0	50
Service-producing	23,500	23,050	22,550	450	950
Transportation	1,800	1,750	1,650	50	150
Trucking & Warehousing	450	450	400	0	50
Air Transportation	350	350	300	0	50
Communications	250	250	300	0	-50
Trade	5,200	5,400	5,050	-200	150
Wholesale Trade	650	700	650	-50	0
Retail Trade	4,550	4,700	4,400	-150	150
Gen. Merch. & Apparel	500	600	600	-100	-100
Food Stores	750	750	700	0	50
Eating & Drinking Places	1,600	1,600	1,600	0	0
Finance-Ins. & Real Estate	850	850	750	0	100
Services & Misc.	5,650	5,650	5,450	0	200
Government	10,000	9,400	9,650	600	350
Federal	3,050	3,050	2,900	0	150
State	4,300	3,750	4,150	550	150
Local	2,650	2,600	2,600	50	50

Anchorage-MatSu Region

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	110,750	109,350	105,650	1,400	5,100
Goods-producing	9,350	9,000	9,100	350	250
Mining	3,750	3,500	3,700	250	50
Construction	3,650	3,550	3,550	100	100
Manufacturing	1,950	1,950	1,850	0	100
Service-producing	101,400	100,350	96,550	1,050	4,850
Transportation	10,600	10,500	9,450	100	1,150
Trade	26,750	26,900	25,300	-150	1,450
Finance-Ins. & Real Estate	7,300	7,200	7,350	100	-50
Services & Misc.	27,900	27,550	26,150	350	1,750
Government	28,850	28,200	28,300	650	550
Federal	10,150	10,350	10,200	-200	-50
State	8,600	7,850	8,150	750	450
Local	10,100	10,000	9,950	100	150

Interior Region

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	29,000	28,500	27,700	500	1,300
Goods-producing	1,900	1,950	1,850	-50	50
Mining	250	250	250	0	0
Construction	1,150	1,200	1,100	-50	50
Manufacturing	500	500	500	0	0
Service-producing	27,100	26,550	25,850	550	1,250
Transportation	2,000	1,950	1,850	50	150
Trade	5,600	5,750	5,400	-150	200
Finance-Ins. & Real Estate	950	950	850	0	100
Services	6,050	6,050	5,850	0	200
Government	12,500	11,850	11,900	650	600
Federal	3,600	3,600	3,450	0	150
State	4,550	3,950	4,400	600	150
Local	4,350	4,300	4,050	50	300

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 21)

Source: Alaska Department of Labor, Research & Analysis Section

Table 2 (cont. from page 20)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	29,600	29,200	28,500	400	1,100
Goods-producing	4,550	4,350	4,300	200	250
Mining	300	300	250	0	50
Construction	750	800	700	-50	50
Manufacturing	3,500	3,250	3,350	250	150
Durable Goods	1,650	1,400	1,700	250	-50
Lumber & Wood Products	1,500	1,250	1,550	250	-50
Nondurable Goods	1,850	1,850	1,650	0	200
Seafood Processing	800	750	550	50	250
Pulp Mills	900	900	900	0	0
Service-producing	25,050	24,850	24,200	200	850
Transportation	2,000	2,050	2,000	-50	0
Trade	4,900	4,900	4,650	0	250
Wholesale Trade	650	650	450	0	200
Retail Trade	4,250	4,250	4,200	0	50
Finance-Ins. & Real Estate	1,000	1,050	1,000	-50	0
Services & Misc.	4,950	4,900	4,700	50	250
Government	12,200	11,950	11,850	250	350
Federal	2,000	2,000	1,850	0	150
State	5,550	5,400	5,450	150	100
Local	4,650	4,550	4,550	100	100

Gulf Coast Region

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	19,400	19,450	18,500	-50	900
Goods-producing	4,150	4,200	4,100	-50	50
Mining	850	850	750	0	100
Construction	800	800	750	0	50
Manufacturing	2,500	2,550	2,600	-50	-100
Seafood Processing	1,550	1,600	1,800	-50	-250
Service-producing	15,250	15,250	14,400	0	850
Transportation	1,450	1,500	1,500	-50	-50
Trade	3,250	3,300	3,000	-50	250
Wholesale Trade	450	450	400	0	50
Retail Trade	2,800	2,850	2,600	-50	200
Finance-Ins. & Real Estate	500	550	500	-50	0
Services & Misc.	3,800	3,850	3,600	-50	200
Government	6,250	6,050	5,800	200	450
Federal	500	500	500	0	0
State	1,900	1,700	1,750	200	150
Local	3,850	3,850	3,550	0	300

Northern Region

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	14,100	13,450	12,750	650	1,350
Goods-producing	5,850	5,400	4,900	450	950
Mining	5,450	5,050	4,550	400	900
Service-producing	8,250	8,050	7,850	200	400
Government	4,500	4,350	4,300	150	200
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,900	3,750	3,700	150	200

Southwest Region

	p/	r/		Changes from:	
	2/90	1/90	2/89	1/90	2/89
Total Nonag. Wage & Salary	14,550	13,500	14,050	1,050	500
Goods-producing	4,050	3,250	4,000	800	50
Seafood Processing	3,750	3,000	3,750	750	0
Service-producing	10,500	10,250	10,050	250	450
Government	6,450	6,150	6,250	300	200
Federal	1,350	1,350	1,300	0	50
State	550	500	550	50	0
Local	4,550	4,300	4,400	250	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 2/90	r/ 1/90	2/89	p/ 2/90	r/ 1/90	2/89	p/ 2/90	r/ 1/90	2/89
Mining	$1,035.54	$1,032.64	$1,081.78	48.8	44.8	49.6	$21.22	$23.05	$21.81
Construction	1,044.44	969.17	896.80	43.5	41.4	40.0	24.01	23.41	22.42
Manufacturing	516.91	504.57	533.83	42.3	41.7	50.6	12.22	12.10	10.55
Seafood Processing	394.94	410.03	475.97	46.3	46.7	59.2	8.53	8.78	8.04
Trans., Comm. & Utilities	615.96	595.58	568.97	35.4	35.2	35.1	17.40	16.92	16.21
Trade	390.77	388.02	369.27	33.6	33.8	33.0	11.63	11.48	11.19
Wholesale	562.18	540.74	512.26	38.4	38.0	38.4	14.64	14.23	13.34
Retail	331.44	336.64	323.33	31.9	32.4	31.3	10.39	10.39	10.33
Finance-Ins. & R.E	421.29	398.70	392.76	36.1	34.4	33.8	11.67	11.59	11.62

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

the region has shaken off its recessionary slide.

Trade and services remain two of the healthiest industries in Anchorage. Their percentage gains do not equal those of TCU, but the 2,800 additional jobs for the year were spread over a much larger number of firms, and not attributable to any one or two specific events. This broad-based growth in two industries which rely heavily on consumers' confidence serves as a good barometer of Anchorage's economic future.

TCU employment showed strong gains in Anchorage over the year, with two events creating the many new jobs. The Federal Express facility is responsible for the majority of over the year gains. United Parcel Service is looking to locate its own facility in Anchorage, but the recent eruptions of Redoubt might affect this decision. Increased traffic at the Port of Anchorage provided another boost to TCU employment, with the major stevedoring operations reporting increased employment levels compared to January.

Southeast No Longer Growth Leader

While Southeast led the state out of the recession, it now trails behind every region except Southwest Alaska in the rate of employment growth. This is neither unexpected nor a sign of impending disaster. February's employment is being compared to the healthy levels of last year, while other regions are just now beginning their own strong growth.

No industry in Southeast was in danger in February. Many continued to post sustainable levels of employment growth, and those that did not were still strong. The region's economic future is very much up in the air with proposed changes in the Tongass timber management plans. For the time being, however, the economy continues on a healthy and sustainable pattern of growth.

Northern Region — Mining's Back

With over a 10% gain, the Northern region is by far the leader in over the year employment growth. Not surprisingly, most of this gain can be attributed to mining, both oil and gas and the newest player, hard rock. The majority of the gain is in the oil and gas mining industry, reflecting increased activities on the North Slope. Combined with employment from the new Red Dog mine, the industry employment increased by 20% for the year and accounted for two-thirds of the region's over the year growth.

Conclusion

February is normally a transition month, post holiday rush but prior to the seasonal employment increases endemic in Alaska. This February marks the end of the unemployment rate declining from levels of the previous year, a not unexpected event. Still, employment gains are healthy, with every region posting gains compared to 1989 levels, and there are no indications of a weakening economy.

About the author:

Brian Rae is a labor economist employed with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 2/90	r/ 1/90	2/89	p/ 2/90	r/ 1/90	2/89	p/ 2/90	r/ 1/90	2/89	p/ 2/90	r/ 1/90	2/89
Alaska Statewide	253,410	250,897	244,521	22,274	21,459	21,578	8.8%	8.6%	8.8%	231,136	229,438	222,943
Anch.-MatSu Region	132,570	132,191	128,093	9,338	9,353	9,112	7.0	7.1	7.1	123,232	122,838	118,981
Anchorage Borough	116,604	116,431	113,278	6,863	6,925	6,898	5.9	5.9	6.1	109,741	109,506	106,380
MatSu Borough	15,966	15,760	14,815	2,475	2,428	2,214	15.5	15.4	14.9	13,491	13,332	12,601
Gulf Coast Region	27,846	27,605	25,859	4,134	3,689	3,222	14.8	13.4	12.5	23,712	23,916	22,637
Kenai Peninsula Borough	17,287	17,276	16,237	2,818	2,682	2,424	16.3	15.5	14.9	14,469	14,594	13,813
Kodiak Island Borough	6,139	5,995	5,597	529	336	241	8.6	5.6	4.3	5,610	5,659	5,356
Valdez-Cordova	4,420	4,334	4,025	787	671	557	17.8	15.5	13.8	3,633	3,663	3,468
Interior Region	35,765	35,420	34,900	3,871	3,833	4,184	10.8	10.8	12.0	31,894	31,587	30,716
Fairbanks North Star Bor.	30,715	30,415	29,923	3,060	3,026	3,290	10.0	9.9	11.0	27,655	27,389	26,633
Southeast Fairbanks	2,133	2,083	2,058	366	333	356	17.2	16.0	17.3	1,767	1,750	1,702
Yukon-Koyukuk	2,917	2,922	2,919	445	474	538	15.3	16.2	18.4	2,472	2,448	2,381
Northern Region	8,640	8,356	8,147	709	704	748	8.2	8.4	9.2	7,931	7,652	7,399
Nome	3,222	3,098	3,033	321	299	327	10.0	9.7	10.8	2,901	2,799	2,706
North Slope Borough	3,119	3,035	2,980	119	141	181	3.8	4.6	6.1	3,000	2,894	2,799
Northwest Arctic Borough	2,299	2,223	2,134	269	264	240	11.7	11.9	11.2	2,030	1,959	1,894
Southeast Region	35,228	34,686	34,256	3,609	3,266	3,548	10.2	9.4	10.4	31,619	31,420	30,708
Haines Borough	847	856	836	95	109	106	11.2	12.7	12.7	752	747	730
Juneau Borough	15,220	15,056	14,763	921	847	876	6.1	5.6	5.9	14,299	14,209	13,887
Ketchikan Gateway Bor.	6,743	6,555	6,416	884	732	725	13.1	11.2	11.3	5,859	5,823	5,691
Pr. of Wales-Outer Ketch.	2,796	2,787	2,814	464	470	549	16.6	16.9	19.5	2,332	2,317	2,265
Sitka Borough	4,031	3,958	3,942	306	257	325	7.6	6.5	8.2	3,725	3,701	3,617
Skagway-Yakutat-Angoon	1,866	1,821	1,850	410	374	436	22.0	20.5	23.6	1,456	1,447	1,414
Wrangell-Petersburg	3,725	3,653	3,635	529	477	531	14.2	13.1	14.6	3,196	3,176	3,104
Southwest Region	13,361	12,639	13,266	613	614	764	4.6	4.9	5.8	12,748	12,025	12,502
Aleutians East Borough	943	899	930	10	19	15	1.1	2.1	1.6	933	880	915
Aleutians West	2,648	2,500	2,596	34	34	32	1.3	1.4	1.2	2,614	2,466	2,564
Bethel	5,068	4,802	5,076	236	244	337	4.7	5.1	6.6	4,832	4,558	4,739
Bristol Bay Borough	525	490	531	32	25	48	6.1	5.1	9.0	493	465	483
Dillingham	2,478	2,338	2,435	170	160	171	6.9	6.8	7.0	2,308	2,178	2,264
Wade Hampton	1,699	1,610	1,698	131	132	161	7.7	8.2	9.5	1,568	1,478	1,537

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.

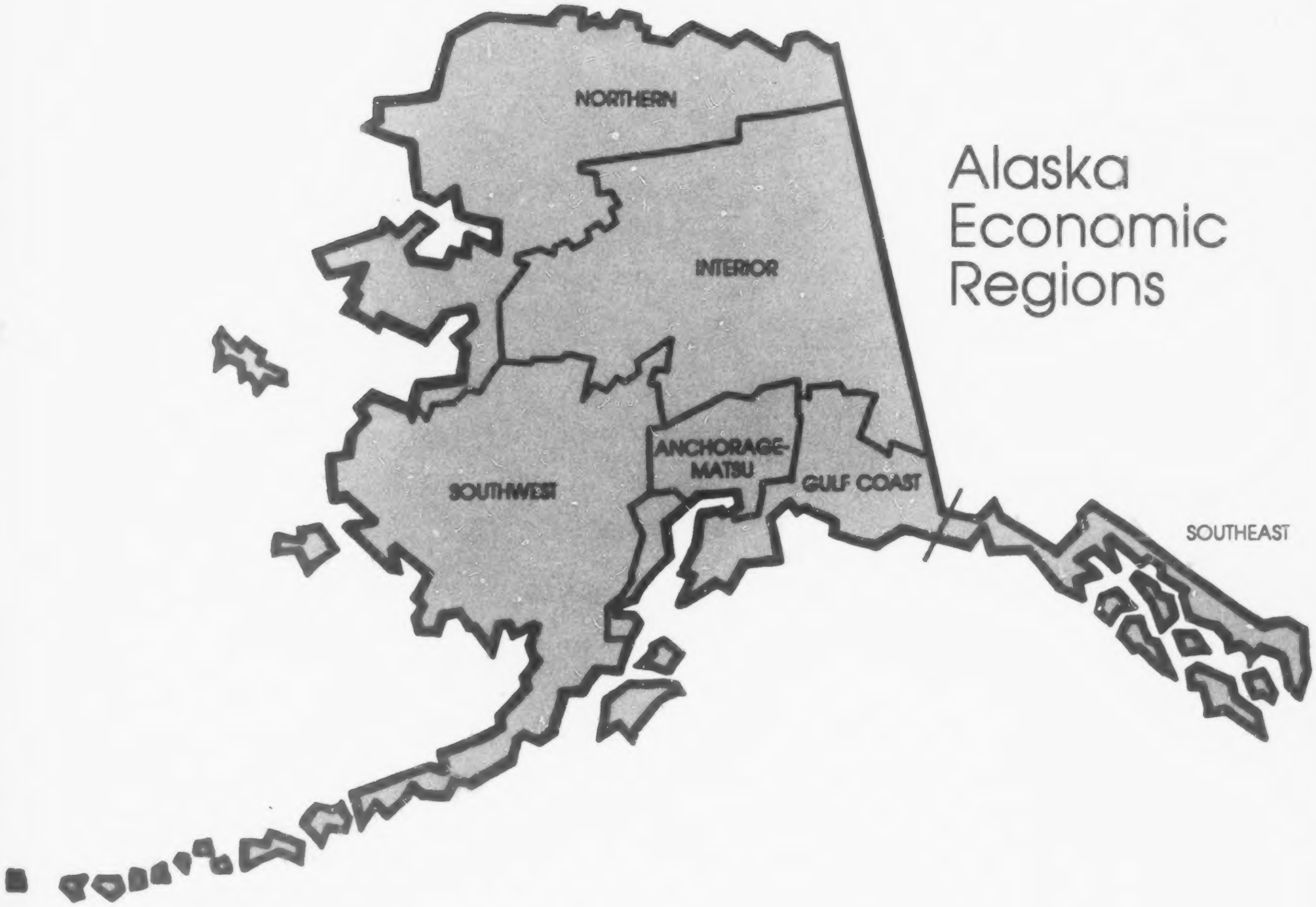
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.

- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions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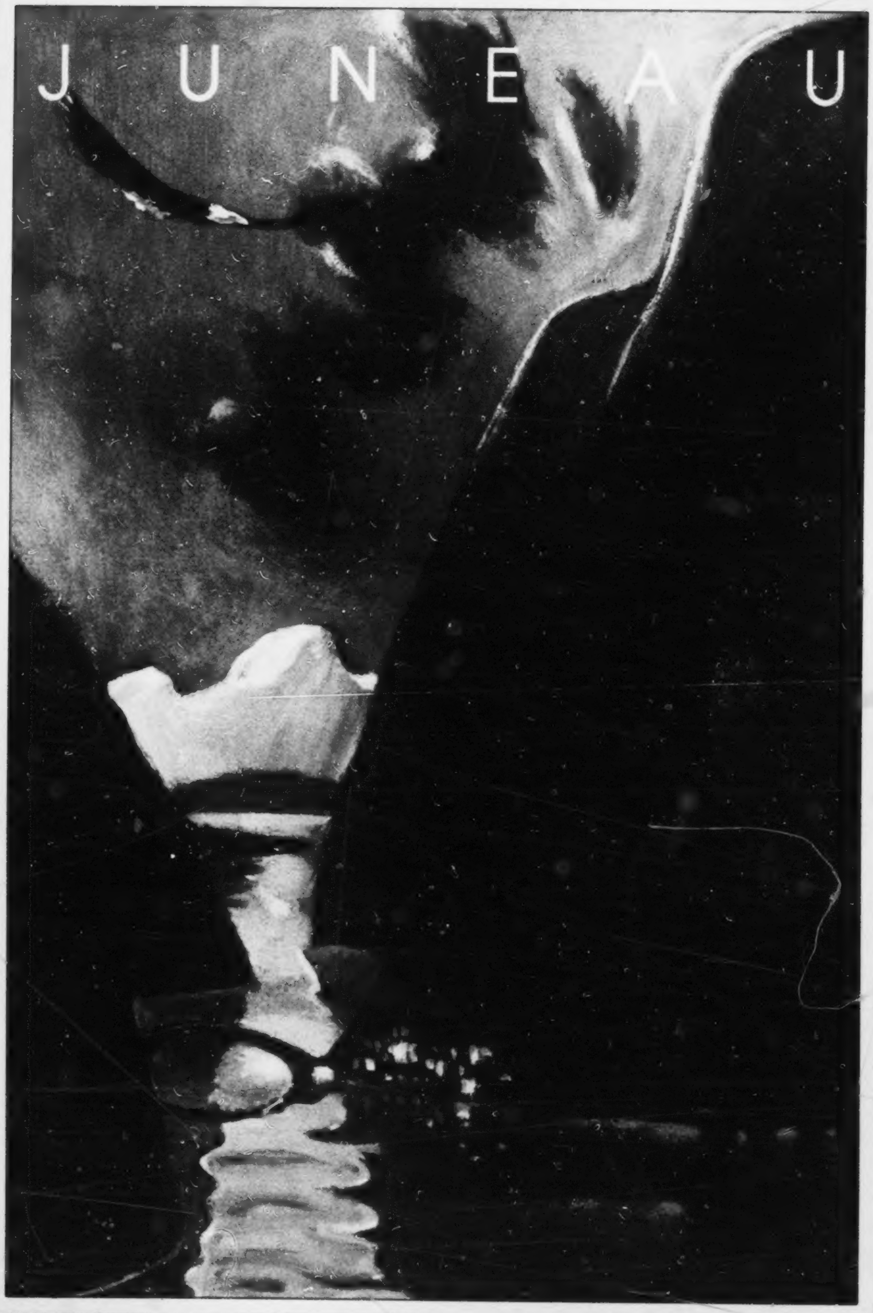

JUNEAU:
Alaska's Seat of Government

June 1990

Alaska's Temporary Help Industry

Seasonal Turnaround in Unemployment

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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Alaska Economic Trends : 1990 winner of the INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES award for the most outstanding monthly publication concerning labor market information.

Cover design by Jim Fowler

Juneau: Alaska's Seat of Government

by Brian N. Rae

The economic history of Alaska's capital city shows that Juneau has been predominantly a one industry town. The result is a history which recounts Juneau's economy dodging the occasional hazards brought on by a lack of economic diversification. And despite efforts to broaden its economic base, the Juneau economy is still highly dependent upon one industry for its economic future.

Juneau Founded On Gold Mining

In Juneau's early years, the primary industry was gold mining. When the huge mining operations of the Alaska-Juneau, Treadwell, Alaska Mexican, Ready Bullion, and Seven Hundred Foot mines prospered, the city's economy thrived. On the other hand, the city's future turned bleak when a mining tunnel under Gastineau Channel flooded in 1917 and faced further hardship when gold mining was deemed a "nonessential activity" during World War II.

At one point, the seafood industry was a significant player in Juneau's economy. Two large scale facilities offered full services to Southeast's fishing industry. The expansion of the industry throughout Southeast increased the competition for the catch. Other Southeast localities were closer to the productive fishing grounds, and this seriously harmed Juneau's seafood processors. Juneau-based companies have attempted to recapture some of this market, but currently only one processor operates in Juneau, and only sporadically.

About the author:

Brian Rae is a labor economist employed with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Table 1

Annual Average Employment City and Borough of Juneau 1988

	Employment	% of Total Employment
Nonag. Wage & Salary	12,500	100.0%
Mining	169	1.3
Construction	341	2.7
Manufacturing	341	2.7
Seafood Processing	84	0.7
Lumber and Wood Products	163	1.3
Transportation	747	6.0
Trade	2,023	16.2
Wholesale	197	1.6
Retail	1,826	14.6
Finance-Ins. & Real Estate	561	4.5
Services & Misc.	2,010	16.1
Government	6,310	50.5
Federal	1,039	8.3
State	4,020	32.2
Local	1,251	10.0

Subtotals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis Section

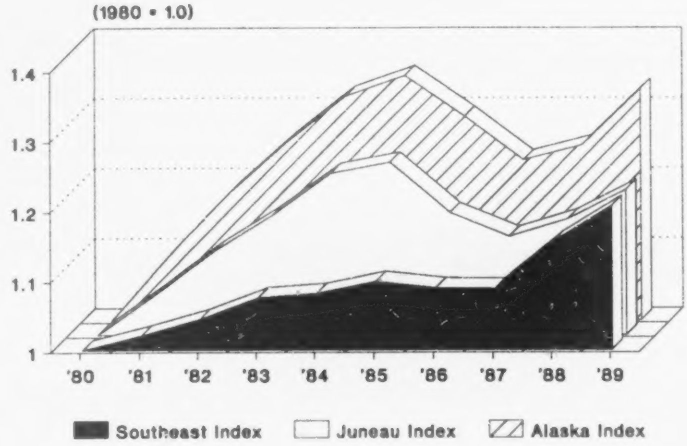
Government Employment is now Juneau's Mainstay

Juneau's current economic mainstay is state government. Unfortunately, state government's reliance on a single source for most of its revenues, and the projected decline of these revenues, does not bode well for continued employment stability in Juneau.

The reliance of Juneau's economy on government employment was apparent in the late 1970s and early 1980s during attempts to relocate the capital. Several statewide elections during this period almost turned Juneau's worst economic fear into a reality. New investment in commercial and residential construction during this period of uncertainty was restrained, but the degree to which the capital move issue slowed growth in Juneau is not clear. All of Alaska

Figure 1

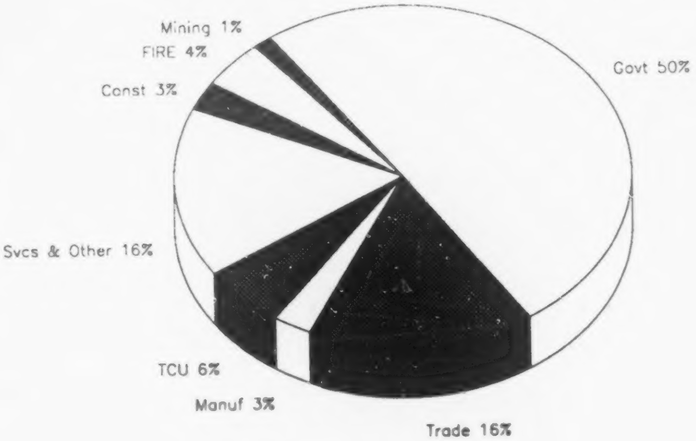
Employment Index Juneau, Southeast and Alaska



Source: Alaska Department of Labor, Research and Analysis Section

Figure 2

Employment by Major Industry 1988 City and Borough of Juneau



Source: Alaska Department of Labor, Research and Analysis Section

was growing at a tremendous rate during the early 1980s. Juneau also showed strong growth, leading Southeast Alaska but falling below the statewide growth rate. (See Figure 1.) The prohibitive expense of the capital move finally persuaded voters to reject the plans, and Juneau's economic future was secured for the moment.

The resolution of the capital move issue and population increases contributed to a building boom in Juneau. Rising state budgets and additional state programs combined with pent-up development pressures to fuel a building boom during 1983-1985. This boom was quickly brought to a halt by the 1986 fall in the price of oil. Faced with falling revenues, state government was forced to tighten its belt, and Juneau's main industry was under pressure to cut back.

Juneau Rebounding

For the present, Juneau seems to have weathered another economic storm; employment, population and property values are all on the rise. Although significant losses were recorded in all these areas during the most recent recession, employment and population gains are well on their way to new highs. Property values have not yet matched their precipitously high levels of the mid 1980s, but have turned around dramatically.

An Anomaly in Southeast

Before highlighting the mainstays of the Juneau economy, it is interesting to compare Juneau to the rest of Southeast Alaska. It quickly becomes apparent that the region's major industries play only minor roles in the Juneau Borough's economy. Most of Southeast Alaska relies on natural resources for an economic base. While cities such as Ketchikan and Sitka serve as regional trade and service centers, their economies are primarily resource-based.

The region is heavily dependent upon manufacturing, which employs one in six Southeast Alaskans. Most of these jobs are in the seafood processing and timber industries. On the other hand, except for the corporate office staff of several companies involved in these industries, Juneau sees very little direct employment from manufacturing industries. (See Table 1.)

Fishing, the economic cornerstone of many of Alaska's coastal communities, has varied from somewhat important to virtually nonexistent in Juneau's economy. Most recent attempts to lure more fishing boats into Juneau harbors have met with both limited successes and resistance. A small number of Juneau merchants earn significant shares of their income from fishing activities, and projects such as Juneau's fish hatcheries exist solely because of this industry. Still, the percentage of Juneau's economy dependent on the seafood industry is small compared to other coastal Alaska communities.

While much of Southeast has based an economy around timber operations, this is another industry which has more of a secondary than a direct impact on Juneau's economy. Several corporations active in this industry are based in Juneau, but most activities occur outside of the borough. Local transportation companies and some retailers benefit from the industry, but the local economy is not nearly as dependent on the timber industry as other communities in Southeast.

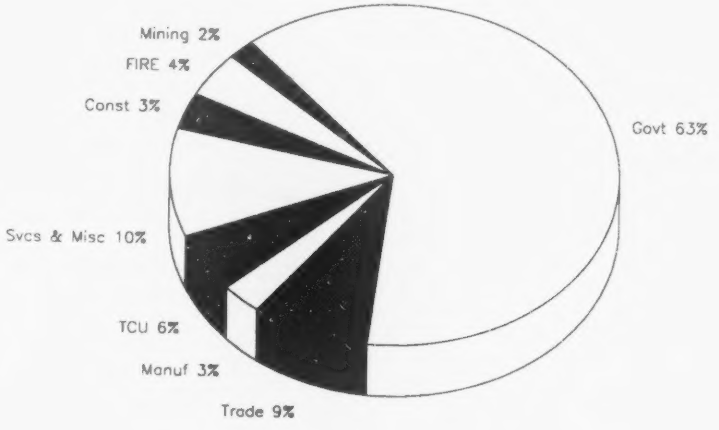
Government Reigns in Juneau

While Juneau is not a resource-based economy, it's clear that what Juneau does have is government, and lots of it. This is no surprise, being the capital of Alaska, a regional hub, the third largest city, and the headquarters for many federal government agencies.

How important is government employment to Juneau? Half of all jobs in Juneau are in the public sector, with one-third in state government alone. Increasing the public sector's importance is its comparatively large payroll. The public sector employs 50% of Juneau's workers, but pays out 63% of the total Juneau payroll. (See Figures 2 and 3.) In comparison, slightly less than one in three Alaskans are employed in the public sector. (See Figure 4.) This larger proportion for Juneau's public sector is caused both by the overall size of government employment and Juneau's small remaining economic base.

Figure 3

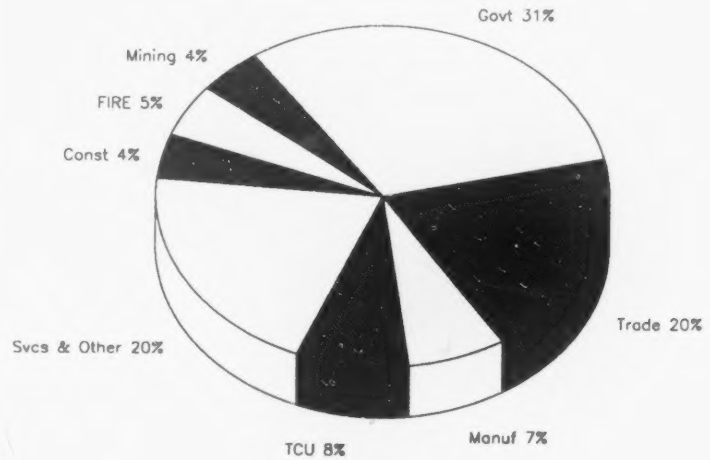
Payroll by Major Industry 1988
City and Borough of Juneau



Source: Alaska Department of Labor, Research and Analysis Section

Figure 4

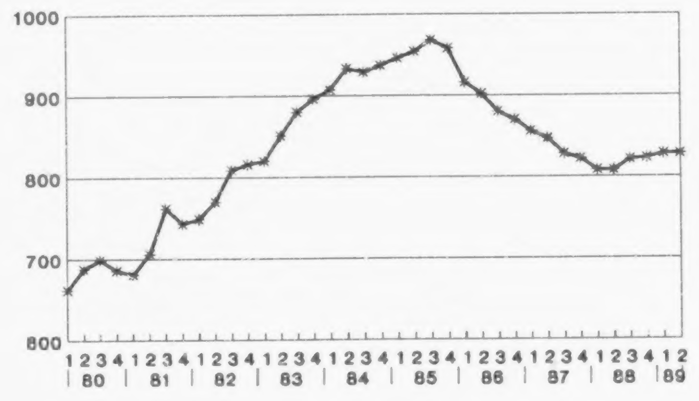
Employment by Major Industry 1988 – Alaska



Source: Alaska Department of Labor, Research and Analysis Section

Figure 5

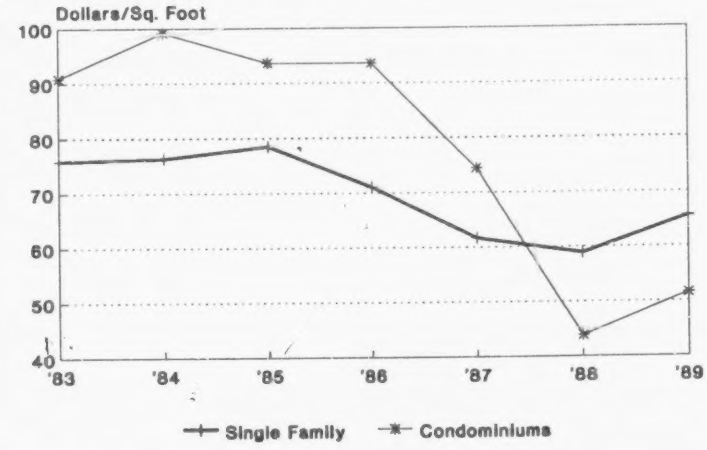
Juneau Employers 1st Quarter 1980 – 2nd Quarter 1989



Source: Alaska Department of Labor, Research and Analysis Section

Figure 6

Residential Unit Sale Price Single Family and Condominiums



Source: CBJ Community Planning Department; *Juneau Trends*, February 1990

Juneau's dependence on public sector employment is partially the result of a build-up of government services made possible by skyrocketing oil revenue. Addressing the growth of government employment in Juneau, the August 1989 *Juneau Trends* asserts: "For the next 10 years (from 1973 through 1984), petro-dollars flowing from the North Slope to the capital city would generate an average of 170 new state government jobs in Juneau each year. In terms of impact, it was like adding nearly the full employment of a Green's Creek mine every 12 months."1/

Central State Government Functions Employ the Most People

The same issue of *Juneau Trends* looked at Juneau's state government employment and divided it into three functions: central (or statewide); regional; and local. Two-thirds of Juneau's state employees worked for statewide programs, one-quarter dealt with regional tasks, and less than 5% were employed for local tasks.2/

Debate over the appropriate size of state government is outside the scope of this article. However, it is fair to say that even if reduced to absolute minimal levels, state government employment will continue to be the driving force behind Juneau's economy for the foreseeable future.

Dependance on Public Sector has a Cost for Juneau's Economy

Government positions are less tenuous than many private sector jobs, but Juneau's reliance on a single industry has its costs. Juneau's economy was hit hard by the declines in oil revenues during 1986 and 1987. In order to cut the state budget, many state positions were either cut or left unfilled. The impact on Juneau's employment is evident in Figure 1.

Private Sector Dependent on Public Sector

It is impossible to totally separate Juneau's public sector employment from the overall economy. Government employment has a multiplier effect —

income earned by government employees is spent at private sector establishments, creating private sector jobs. Additionally, many Juneau-based companies do a significant portion of their business with public sector agencies.

Figure 5 points out this public/private sector relationship. The decline in government employment and spending was the major reason that over 15% of Juneau businesses closed their doors between 1985 and 1988.

Compounding the problem of separating out public sector employment is its sheer size — in Juneau it dwarfs the private sector. (See Figures 2 and 3.) A recent McDowell Group study puts this relationship into perspective. According to the report, Juneau's state government employment:

- is larger than the entire Alaska forest products industry;
- is five times the size of the entire Southeast tourism trade;
- is ten times the size of the proposed A-J mine;
- is twenty times the size of Greens Creek;
- and generates twenty times the payroll of Juneau's tourist trades. 3/

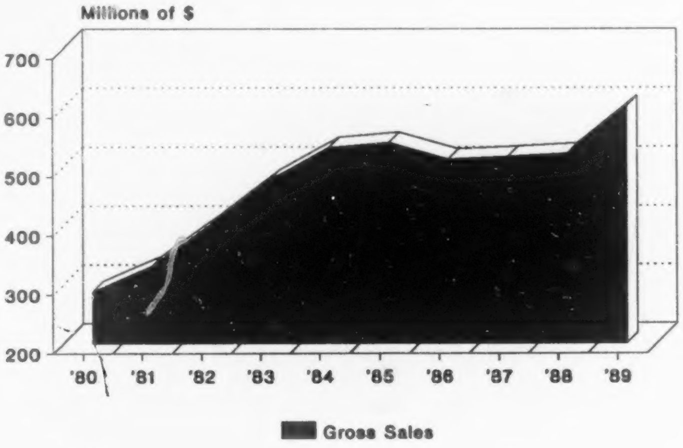
Comparing private sector employment patterns between Juneau and other areas of the state shows some surprising results, in spite of the analytical problems associated with Juneau's large public sector.

TCU Employment Different in Juneau

The Transportation, Communications and Utilities industry (TCU) accounts for about 12% of total private sector employment throughout the state. However, Juneau's TCU industry differs from the rest of Southeast Alaska. The air transportation industry in Juneau has a much larger share of total TCU employment than in the rest of Southeast. The other industries in this group, communications and utilities, are also well represented in the Borough. Regional and local telephone and television stations are located in Juneau, and the city's larger population means more utility companies (and therefore more utility workers) than found in many other Alaskan cities.

Figure 7

Gross Business Sales – Juneau 1980-1989



Source: City and Borough of Juneau, Treasury Division

Juneau Construction Comparable to Southeast

Somewhat surprisingly, construction employment levels are nearly identical for both Juneau and Southeast **private** sectors. At present, very few Juneau construction jobs are directly attributable to Juneau being the state capital. One such future project is the new Department of Environmental Conservation building, constructed in Juneau because it is the capital.

Most other government funded projects are of a regional or local nature, and compete for funding with other public sector projects throughout the state. For that reason, one would expect the share of construction employment to be roughly equivalent when comparing Juneau to other Southeast communities.

Printers are Juneau's Biggest Manufacturer

The most glaring difference in private industry employment is found in manufacturing. In Southeast Alaska's private sector, over one in four jobs are in manufacturing. Juneau's lack of any significant timber or seafood processing operations means that only about one in 18 private sector jobs are in manufacturing. The largest portion (20%) of Juneau's manufacturing jobs are in commercial printing and publishing.

Mining Holds Biggest Promise for Employment Diversification

Recently, Juneau's private sector has perked up because of mining. The opening of the Greens Creek mine on Admiralty Island (just outside the Borough boundary) was a signal that Juneau's mining industry is reawakening. Greens Creek represented the biggest single mining project to begin production in Southeast Alaska in recent history. Both construction and mining employment were boosted by Greens Creek development during the last two years.

Now in full operation, more than 200 workers are employed at the mine, with a total annual payroll of $10 million.

The same reasons which made Greens Creek viable have also made other ventures, such as the Alaska-Juneau, Kensington and Jualin mine reopenings appear economically feasible. If all of these mining projects come on line, the initial exploration and construction phases would directly employ roughly 1,000 persons, while operations would account for 850 to 900 employees (including those working at Greens Creek, who for the most part live in Juneau). If these employees were added to Juneau's current employment, they would represent approximately 7% of all Juneau jobs and nearly twice that amount if public sector employment is excluded.

One potential boost available from mining occurs through the Borough's ownership of a share of the resource. Unlike most other economic activities, where city revenues are enhanced only through taxes, Juneau owns a significant share of the ore body of the Alaska-Juneau mine. Similar to state royalty payments for North Slope oil, the city should receive some direct compensation for the resource. If the city charges rates comparable to private owners for its ore reserves, there is the potential for a revenue windfall if the A-J mining project continues.

Tourism — Small But Important Player

Over the past several years more Alaskan communities have been looking to cash in on tourism, and Juneau is no exception. A variety of promotional organizations ranging from the Juneau Convention and Visitors Bureau to regional and statewide organizations are attempting to attract travelers to the area. Since tourists consume many of the same goods and services that residents and business travelers consume; it is difficult to gauge the employment impact of tourism.

Studies of Southeast Alaska tourists and their expenditures help put tourism-related employment into perspective. According to a report from the Juneau-based McDowell Group, Juneau attracted 246,900 pleasure visitors in 1988 and they spent a total of $24.5 million. To put this level of economic activity into perspective, Juneauites can look north to Skagway, where the number of pleasure tourists and their expenditures equal about 80% of those of Juneau.[4]

Skagway is possibly the Alaska city most dependent on tourism. The vast majority of Skagway's employment, which stood at 370 on an annual average basis in 1988, is tourism-related. If one assumed that Skagway is **completely** tourism dependent, and that Juneau's tourist industry is 25% larger than Skagway's, then this would mean that between 450 and 475 jobs were created by Juneau's tourism industry in 1988. This would amount to slightly less than 4% of Juneau's total employment in that year and about 8% of total private sector employment.[5]

Housing, Sales Tax Data Underline Juneau's Recent Recovery

For Juneau's overall economic health, several different data sets serve to chart its course. Figure 6 shows how housing prices have fluctuated in Juneau since 1982. The housing market has been very volatile in recent years, with costs peaking in the 1985-1986 period and falling sharply until 1988. In 1989, prices again began to rise. Early indications in 1990 suggest that housing prices are continuing a strong upward movement, with local realtors saying that single family units are increasing nearly 1% per month.

Sales tax records provide data on gross business sales in Juneau. Following the path of other economic indicators, total gross receipts peaked in 1985. (See Figure 7.) Unlike some other economic indicators, gross receipts declined for only one year (in 1986). Gains were small until 1989, when sales increased by more than 15%.

Government will not be Toppled as King Anytime Soon

Juneau has a history of economic swings, and has managed to weather most of them. Government has been, and will continue to be, the major employer for the foreseeable future. This dependence on a single industry is nearly unavoidable given Juneau's small size and the current scale of state government employment.

Some projects are underway to diversify Juneau's economy. Tourism advocates have worked hard to attract more people, and dollars, into Juneau. Their activities have won significant increases in tourist traffic through Juneau.

Currently, mining is the private sector industry with the greatest potential economic impact. If the three major mine proposals come into production, the area's mining industry (including the Greens Creek mine) will eventually employ 850 to 900 miners. These are well compensated, year-round jobs, and will create secondary employment in the borough.

Economic diversification and expansion are important to Juneau, and will become more so as pressure to reduce state government grows. Promoting new industries and businesses can ease the economic pain of any such reduction. It cannot be ignored, however, that Juneau's economic future relies on the future of government, and in particular state government.

Notes:

1/ CBJ, Community Planning Dept., *Juneau Trends*, Volume Two, Number Five, August 1989, p 12.

2/ Ibid, p 14.

3/ *Juneau's Population: Current Estimate and Future Forecasts*; The McDowell Group, April 24, 1990, p 2.

4/ *Southeast Alaska Visitor Research Program*, Summer 1988; Southeast Alaska Marketing Council, p 158.

5/ Juneau has a much higher number of business travelers than does Skagway. Efforts are made to attract conventions and conferences to Juneau, but a majority of these business travelers come to Juneau because it is the capital and a regional hub. The business tourist seems much less influenced by advertisements or promotions than does the pleasure tourist.

The Fill-In Workforce: Alaska's Temporary Help Industry

By Neal Fried

Most businesses have used temporary help to meet their labor needs at one time or another. The reasons employers use temporary help vary, but the most common justifications are: to fill in for someone on vacation, to handle a temporary surge in business, or to reduce labor costs. The temporary help industry is small in Alaska, but this industry affects a significant number of employees and employers.

Most of the discussion in this article will be limited to the temporary work force employed by temporary help supply firms. This overlooks those temporary workers hired directly by employers. The reason directly-hired temporaries are excluded from this analysis is because data is scarce for this type of employee. It should be acknowledged that directly-hired temporaries may exceed the number of temporary workers employed through the agency system. Much of the analysis, however, can be applied to all varieties of temporary help (temps).

About the author:

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He is based in Anchorage.

Alaska's Temporary Help Industry less Dynamic than the Nation's

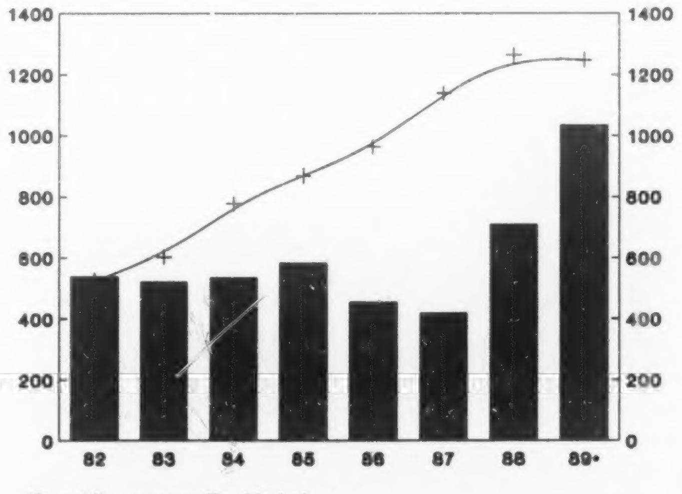
In Alaska, the number of temporary workers has not changed significantly through most of the 1980s. This is quite a contrast to what happened in the rest of the nation during the last decade. Employment in the temporary help industry tripled in the rest of the nation during the 80s. In Alaska, temporary agency employment grew more slowly than overall employment during most of the decade, whereas nationally it grew much faster than overall employment. In 1989 temporary help agencies were responsible for 1.2% of the nation's wage and salary employment versus only 0.5% in Alaska.

Why the discrepancy? One reason is that temporary employment is more prevalent in larger urban communities. Of the temporary agency employees in Alaska, more than 90% are in Anchorage. Alaska also has a large public sector (30% of Alaska's wage and salary employment versus 16% in the nation) which is a minimal user of temporary employment services.

In the private sector, manufacturing has been an important source of growth for temporary help services. Many of the nation's manufacturers, facing stiff international competition, are turning to temporary help to cut their labor

Figure 1

Alaska and U.S. Temporary Services Employment Growth



*9-month average (for Alaska)
Source: U.S. Department of Labor, Bureau of Labor Statistics

costs. Alaska's manufacturing industry employs only 7% of all wage and salary workers as opposed to 18% nationwide. This is another reason why the temporary service industry presence is not as widespread in Alaska as elsewhere in the nation.

Temporary Work Surges in 1988 and 1989

In 1988 and 1989 employment in Alaska's temp industry displayed some vigorous growth. Some of this growth can be attributed to a revision in the industry classification scheme that began in 1988 (see April 1990 *Trends*). But a portion of this surge came as a result of growing demand for temporary workers. In 1988, Alaska's economy began to recover from the recession of 1986 and 1987. As the economy bounced back, some employers may have hired temps instead of permanent employees to meet immediate labor needs. Employers may have preferred temporary help if the recession left them uncertain about their business' future. Also, labor shortages were beginning to show up in the latter part of 1988 and some employers may have chosen to use temps as a partial solution to this problem.

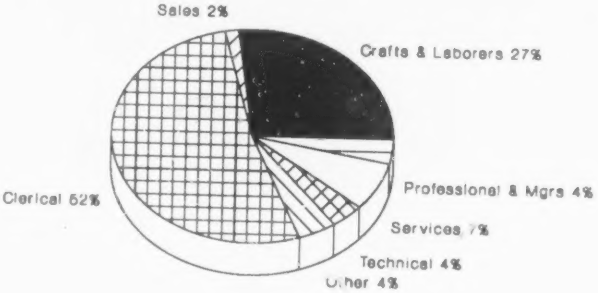
In 1989 employment in the temporary help industry skyrocketed. (See Figure 1.) A good deal of this increase can be directly attributed to the oil spill. The cleanup effort utilized a large number of temporary workers. In a sense almost all of the workers involved in the oil spill were temporary. The cleanup resulted in some unique examples of the use of temps. For example, some of the otter rescue centers were staffed by employees of a temporary supply agency. Now that Alaska's economy has settled down a bit, it will be interesting to see if employment in the temporary help industry falls back to its pre-spill levels.

What Jobs Do Temps Fill?

The temporary work force has been stereotyped as clerical help. The image is that temporary help agencies provide secretaries, receptionists and data entry clerks. However, the national profile of the industry does not support this generalization. About half of the temporary workers in the nation are employed in administrative support occupations, but engineers, nurses, computer programmers, craftsmen, security guards and other occupations are also being filled by temporary help agencies. (See Figure 2.)

Figure 2

Occupations of Temporary Workers Nationwide in September 1987



Source: U.S. Department of Labor, Bureau of Labor Statistics

Alaska matches the more traditional occupational profile of temp services — administrative support occupations are the bread and butter of Alaska's temp industry. No comprehensive occupational profile of Alaska's temp industry exists, but a survey of more than half of the temporary supply firms revealed that these firms place their temps predominantly in administrative support occupations. A few of these agencies place engineers, other technical occupations, roustabouts, laborers and a variety of other occupations.

Temporary Employment — Good or Bad?

On the national level the topic of temporary help has received considerable attention. The discussion has not been limited to the use of temporary help firms but includes all varieties of temporary help including part-time employment. There are two schools of thought on the growing use of temporary help in the national economy. One is that growth in temporary help was inevitable because of an increased need for workplace flexibility, both for employees and employers. This flexibility is necessitated by the growing pressures of competition and the increasing need for employee flexibility. Another school of thought believes that temporary help is harmful to both the individual and the economy. These two schools of thought are not necessarily exclusive of each other.

The Plus Side: Flexibility is the Key

The advantages of temporary help can be numerous for employers. Recruiting costs are cut since the employer does not have to conduct employee searches and interviews. Employers can use a temporary work force to meet a fluctuating demand for staff. Being overstaffed or understaffed becomes less of a problem because temporary employees can be quickly hired or let go. Another big motivator for employers is the fact that employee benefits for temps are minimal. Most temps have to purchase their own health benefits and vacation benefits are limited. In addition to cutting labor costs, some employers look for potential permanent employees by hiring temps. By using temporary help as a training and screening process for permanent employees, the cost and risks of hiring a new employee can be reduced.

There are also advantages for employees. Some people want flexible work schedules. According to temporary help agencies, many of their employees only want to work during the school year and take summers off to be with their children. Others only want to work part of the year because they travel or go to school during the other part of the year. Some temps use the agencies as a way to sample a variety of employers before settling on their ideal permanent employer. Others are supplementing their income or simply get bored working for just one employer.

The Minus Side: Disadvantages to Both Individual and Economy

The disadvantages for temporary employees can be many. One of the most obvious is that benefits are typically lacking, except those required by law. No less important is the fact that wages are often lower. Some research also indicates that temps are less likely to receive training. And most importantly, temporary employees are the least economically secure since they are the first to be let go during a period of slack demand.

In addition to potential disadvantages for individuals employed in this market, some researchers feel there may be more subtle losses that accrue to the economy. One example of this is the bond that exists between employer and employee. They point out that this bond is already weak in this country and feel the growing use of temporary employees will erode this bond even further. This leads to a lack of company loyalty which in turn leads to a decline in productivity. It may mean temporary workers have little incentive to learn new skills because there is only a slim chance for advancement. However, some temporary agencies do provide training and the ability to advance.

Temporary Help Agencies are a Small, but Growing Group

Many Alaskan firms have hired a temporary work force at one time or another because their business was in a tight spot or they were trying to save on labor costs. Compared to the rest of the nation, Alaska has a smaller temporary employment industry. This is probably because of Alaska's large proportion of public sector employment, which is a small user of temps. In addition, Alaska has a much smaller manufacturing industry, which is a large employer of temporary workers in the rest of the nation.

During most of the 1980s the number of temporary workers in Alaska remained relatively stagnant until 1988-1989 when activity began to climb. The increases were brought on by the recovery in the economy and oil spill activity.

Nationally, approximately half of all temporary workers are employed in clerical occupations; the rest can be found in other occupational categories. Although no comprehensive occupational profile exists for Alaska's temporary work force, survey evidence indicates that Alaska's temporary help industry concentrates on placing temps in clerical occupations.

There is a vigorous national debate concerning the implications of the growing temporary work force. One group believes it is an inevitable trend because both employees and employers are demanding a more flexible work place. Other researchers believe its growth will lead to a further weakening of the employer/employee relationship, which will ultimately lead to a less productive economy and a more poorly compensated work force. This debate will certainly continue.

TRAVELING NURSE:
A Thriving Temporary Help Occupation

Hospitals throughout the nation have been grappling with a severe nursing shortage--and Alaska is no exception (see "Is There A Nurse In The House?" in the December 1989 issue of *Alaska Economic Trends*). One solution that many hospitals are choosing is to hire temporary nurses and other specialized medical personnel. For the hospital it is an expensive alternative to hiring permanent staff, but sometimes there is no choice. In the business these professionals are referred to as traveling nurses. Their services are currently in enormous demand. In Alaska these nurses are hired through specialized agencies such as the American Mobile Nurse, Flying Nurses and others.

Unlike many temporary jobs, a traveling nurse can be well compensated, and to some nurses it offers an interesting alternative to a regular nursing job. Travel and lodging expenses are often provided by the employer. Traveling nurses also receive other benefits. Their average stint is 13 weeks. These nurses have chosen this line of work because the pay is good and they like to travel. Some believe traveling temporary help is going to become a growing trend for other highly technical fields such as engineering and computer work.

March Unemployment Rate Drops, Signaling Seasonal Turnaround

by John Boucher

Alaska's statewide unemployment rate fell nearly a full percentage point in March, dropping nine-tenths of a percentage point to 7.9%. Last March the unemployment rate in Alaska was 8.1%. (See Table 6.) While the unemployment rate improved, Alaska had the dubious distinction of having the second highest statewide unemployment rate in the nation. (See Table 1.)

Table 1

Top Five Statewide Unemployment Rates March 1990

Rank	State	Rate
1	Rhode Island	8.2%
2	Alaska	7.9%
3	Michigan	7.6%
3	West Virginia	7.6%
5	Arkansas	7.3%

Source: West Virginia Department of Employment Security

The drop in March's unemployment rate started the annual seasonal decrease in Alaska's unemployment rate. The unemployment rate begins a gradual fall in March as seasonal activities begin gearing up, and it is expected to continue falling until July or August, when the rate should begin climbing again.

Drop Signals Return to Work In Construction & Manufacturing

The decline in the number of unemployed Alaskans signaled a return to work in Alaska's seasonal industries. The drop was also evident in Alaska's Unemployment Insurance (UI) benefits data. While UI data doesn't cover the entire unemployed population, it is an excellent indicator because it covers a significant portion of the unemployed. March UI data showed that construction and manufacturing workers were the most likely type of worker to return to work. The number of construction workers on Alaska's UI rolls dropped 15% from February to March, and the number of manufacturing workers receiving UI benefits dropped 35% compared to February. Although every industry had fewer workers claiming UI benefits in March than in February, no other industry had a decline of more than 10%.

Table 2

Alaska Unemployment Rates by Age and Sex 1989 Annual Averages (In thousands)

	Population (16+)	Labor Force	Rate of Labor Force Participation	Employed	Unemployed	Unemployment Rate	Error Range
Total	350	253	72.2%	236	17	6.7%	5.9-7.4%
Men	172	137	79.9	127	10	7.4	6.4-8.5
Women	178	115	64.8	109	7	5.8	4.7-6.8
Both sexes, Age 16-19	29	15	50.9	13	2	14.2	10.5-18.0

Numbers may not add due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Males Returned to Work In Greater Numbers

Alaska's March UI claims data indicated that males were more likely than females to drop off the UI rolls. The number of males receiving UI benefits fell more than 14%, while the number of females receiving unemployment benefits dropped 8.5%. The bigger decline in male unemployment benefits can be explained by the typical characteristics of construction and manufacturing workers. Construction and manufacturing firms tend to employ males to a much greater extent than females. Since construction and manufacturing in Alaska are more affected by changes in the seasons than other industries, males tend to experience more seasonal unemployment. This seasonal unemployment experienced by Alaskan males is a contributing factor in the unemployment rate for Alaska's males being higher than the unemployment rate for females. In 1989 the unemployment rate was 5.8% for females and 7.4% for males. (See Table 2.) Alaska is one of the few states in the nation where the male unemployment rate is significantly higher than the female unemployment rate.

The unemployment rate and unemployment benefits data were not the only March statistics that indicated a seasonal upswing. Wage and salary employment statistics confirmed the beginning of a summer revival, as there were 3,800 more jobs than in February. (See Table 3.) Manufacturing, construction and retail trade led the way in statewide job gains.

Manufacturing Revving Up For Another Year

The largest employment gains were in the manufacturing industry. Manufacturing employment gains were primarily in Southwestern Alaska and Kodiak as winter fisheries for bottomfish and crab added employees at processing plants.

Not all of the employment gains in the manufacturing industry were in seafood processing. The remaining manufacturing employment gains were in Southeast Alaska as logging operations began to gear up. The processing portion of the timber industry, the pulp mills and sawmills, are not subject to the drastic seasonal fluctuations that logging is. During the last six years, logging employment in February has been about 40% of its peak employment month. The reason for the different employment patterns is a simple one; pulp mill and sawmill work takes place indoors year-round, and logging operations are outdoors and more dependent upon weather conditions.

Table 3

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/	r/		Changes from:	
	3/90	2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	221,400	217,600	211,300	3,800	10,100
Goods-producing	32,000	29,400	30,300	2,600	1,700
Mining	10,400	10,200	9,700	200	700
Construction	8,000	7,100	7,100	900	900
Manufacturing	13,600	12,100	13,500	1,500	100
Durable Goods	3,100	2,500	3,100	600	0
Lumber & Wood Products	2,400	1,800	2,400	600	0
Nondurable Goods	10,500	9,600	10,400	900	100
Seafood Processing	6,800	5,900	6,800	900	0
Pulp Mills	900	900	900	0	0
Service-producing	189,400	188,200	181,000	1,200	8,400
Transportation	18,300	18,100	16,700	200	1,600
Trucking & Warehousing	2,300	2,200	2,000	100	300
Water Transportation	1,000	1,100	1,000	-100	0
Air Transportation	6,200	6,100	5,500	100	700
Communications	3,100	3,100	3,100	0	0
Trade	42,900	42,300	41,100	600	1,800
Wholesale Trade	7,900	7,800	7,300	100	600
Retail Trade	35,000	34,500	33,800	500	1,200
Gen. Merch. & Apparel	5,100	5,100	4,900	0	200
Food Stores	6,600	6,500	6,200	100	400
Eating & Drinking Places	12,100	11,900	12,000	200	100
Finance-Ins. & Real Estate	10,600	10,500	10,300	100	300
Services & Misc.	46,500	46,200	43,800	300	2,700
Hotels & Lodging Places	4,500	4,300	4,200	200	300
Government	71,100	71,100	69,100	0	2,000
Federal	18,300	18,400	17,700	-100	600
State	21,400	21,500	20,800	-100	600
Local	31,400	31,200	30,600	200	800

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Construction Boosted by Pipeline Repair, North Slope & Southeast

Construction employment was gearing up throughout the state, but a large share of the employment gain in March was attributable to heavy construction contractors working on the pipeline repair project. Interior Alaska, Fairbanks, and the Gulf Coast were the regions affected by employment

Table 4

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	3/90	2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	105,200	104,050	100,300	1,150	4,900
Goods-producing	9,350	8,950	9,050	400	300
Mining	3,700	3,650	3,650	50	50
Construction	3,650	3,400	3,550	250	100
Manufacturing	2,000	1,900	1,850	100	150
Service-producing	95,850	95,100	91,250	750	4,600
Transportation	10,050	9,900	8,950	150	1,100
Trucking & Warehousing	1,400	1,350	1,250	50	150
Water Transportation	200	250	200	-50	0
Air Transportation	3,850	3,800	3,400	50	450
Communications	1,800	1,800	1,750	0	50
Trade	25,450	25,050	24,300	400	1,150
Wholesale Trade	5,950	5,800	5,600	150	350
Retail Trade	19,500	19,250	18,700	250	800
Gen. Merch. & Apparel	2,700	2,700	2,500	0	200
Food Stores	3,250	3,150	3,000	100	250
Eating & Drinking Places	7,450	7,350	7,450	100	0
Finance-Ins. & Real Estate	6,900	6,900	6,850	0	50
Services & Misc.	26,800	26,650	25,100	150	1,700
Hotels & Lodging Places	2,350	2,300	2,200	50	150
Government	26,650	26,600	26,050	50	600
Federal	10,250	10,250	10,100	0	150
State	7,800	7,850	7,400	-50	400
Local	8,600	8,500	8,550	100	50

Fairbanks North Star Borough

	p/	r/		Changes from:	
	3/90	2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	25,600	25,300	24,650	300	950
Goods-producing	1,950	1,800	1,800	150	150
Mining	150	150	100	0	50
Construction	1,300	1,150	1,200	150	100
Manufacturing	500	500	500	0	0
Service-producing	23,650	23,500	22,850	150	800
Transportation	1,800	1,750	1,600	50	200
Trucking & Warehousing	450	450	350	0	100
Air Transportation	350	350	300	0	50
Communications	250	250	300	0	-50
Trade	5,300	5,250	5,200	50	100
Wholesale Trade	650	650	650	0	0
Retail Trade	4,650	4,600	4,550	50	100
Gen. Merch. & Apparel	500	500	600	0	-100
Food Stores	750	750	700	0	50
Eating & Drinking Places	1,650	1,600	1,650	50	0
Finance-Ins. & Real Estate	850	850	800	0	50
Services & Misc.	5,650	5,650	5,500	0	150
Government	10,050	10,000	9,750	50	300
Federal	3,100	3,100	2,950	0	150
State	4,300	4,250	4,200	50	100
Local	2,650	2,650	2,600	0	50

Anchorage-MatSu Region

	p/	r/		Changes from:	
	3/90	2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	112,050	110,950	106,650	1,100	5,400
Goods-producing	9,600	9,250	9,350	350	250
Mining	3,700	3,700	3,750	0	-50
Construction	3,850	3,600	3,700	250	150
Manufacturing	2,050	1,950	1,900	100	150
Service-producing	102,450	101,700	97,300	750	5,150
Transportation	10,700	10,600	9,550	100	1,150
Trade	27,100	26,850	25,750	250	1,350
Finance-Ins. & Real Estate	7,400	7,300	7,250	100	150
Services & Misc.	28,050	27,900	26,250	150	1,800
Government	29,200	29,050	28,500	150	700
Federal	10,400	10,400	10,250	0	150
State	8,600	8,600	8,200	0	400
Local	10,200	10,050	10,050	150	150

Interior Region

	p/	r/		Changes from:	
	3/90	2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	29,500	29,050	28,200	450	1,300
Goods-producing	2,100	1.950	1,950	150	150
Mining	250	250	250	0	0
Construction	1,350	1,200	1,200	150	150
Manufacturing	500	500	500	0	0
Service-producing	27,400	27,100	26,250	300	1,150
Transportation	2,000	2,000	1,800	0	200
Trade	5,700	5,600	5,600	100	100
Finance-Ins. & Real Estate	950	950	900	0	50
Services	6,100	6,050	5,900	50	200
Government	12,650	12,500	12,050	150	600
Federal	3,700	3,700	3,500	0	200
State	4,600	4,500	4,450	100	150
Local	4,350	4,300	4,100	50	250

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section

Table 4' (cont. from page 12)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

				Changes from:	
	p/ 3/90	r/ 2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	30,900	29,850	29,500	1,050	1,400
Goods-producing	5,350	4,550	5,100	800	250
Mining	300	300	250	0	50
Construction	950	750	850	200	100
Manufacturing	4,100	3,500	4,000	600	100
Durable Goods	2,250	1,650	2,350	600	-100
Lumber & Wood Products	2,100	1,500	2,200	600	-100
Nondurable Goods	1,850	1,850	1,650	0	200
Seafood Processing	750	750	600	0	150
Pulp Mills	900	900	900	0	0
Service-producing	25,550	25,300	24,400	250	1,150
Transportation	2,100	2,050	2,050	50	50
Trade	4,900	4,850	4,700	50	200
Wholesale Trade	650	650	450	0	200
Retail Trade	4,250	4,200	4,250	50	0
Finance-Ins. & Real Estate	1,050	1,050	1,000	0	50
Services & Misc.	5,100	4,950	4,750	150	350
Government	12,400	12,400	11,900	0	500
Federal	2,000	2,000	1,900	0	100
State	5,650	5,700	5,450	-50	200
Local	4,750	4,700	4,550	50	200

Gulf Coast Region

				Changes from:	
	p/ 3/90	r/ 2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	20,050	19,550	19,200	500	850
Goods-producing	4,600	4,150	4,500	450	100
Mining	850	850	750	0	100
Construction	950	800	850	150	100
Manufacturing	2,800	2,500	2,900	300	-100
Seafood Processing	1,850	1,550	2,050	300	-200
Service-producing	15,450	15,400	14,700	50	750
Transportation	1,550	1,550	1,550	0	0
Trade	3,250	3,250	3,200	0	50
Wholesale Trade	450	450	450	0	0
Retail Trade	2,800	2,800	2,750	0	50
Finance-Ins. & Real Estate	550	500	500	50	50
Services & Misc.	3,850	3,800	3,650	50	200
Government	6,250	6,300	5,800	-50	450
Federal	550	550	500	0	50
State	1,900	1,900	1,750	0	150
Local	3,800	3,850	3,550	-50	250

Northern Region

				Changes from:	
	p/ 3/90	r/ 2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	14,400	14,000	13,050	400	1,350
Goods-producing	6,000	5,650	5,100	350	900
Mining	5,450	5,200	4,750	250	700
Service-producing	8,400	8,350	7,950	50	450
Government	4,550	4,500	4,400	50	150
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,950	3,900	3,800	50	150

Southwest Region

				Changes from:	
	p/ 3/90	r/ 2/90	3/89	2/90	3/89
Total Nonag. Wage & Salary	14,950	14,500	14,650	450	300
Goods-producing	4,450	4,050	4,300	400	150
Seafood Processing	4,150	3,800	4,150	350	0
Service-producing	10,500	10,450	10,350	50	150
Government	6,400	6,400	6,400	0	0
Federal	1,350	1,350	1,350	0	0
State	550	550	550	0	0
Local	4,500	4,500	4,500	0	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 5

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 3/90	r/ 2/90	3/89	p/ 3/90	r/ 2/90	3/89	p/ 3/90	r/ 2/90	3/89
Mining	$1,148.79	$1,062.23	$1,121.69	50.1	49.2	48.6	$22.93	$21.59	$23.08
Construction	1,109.42	1,017.98	911.20	46.4	43.3	40.0	23.91	23.51	22.78
Manufacturing	562.57	507.91	519.06	45.7	41.7	49.2	12.31	12.18	10.55
Seafood Processing	466.43	395.54	469.44	51.2	46.1	57.6	9.11	8.58	8.15
Trans., Comm. & Utilities	592.35	612.77	573.53	34.6	35.4	35.1	17.12	17.31	16.34
Trade	394.79	394.45	362.21	33.4	33.8	33.2	11.82	11.67	10.91
Wholesale	581.38	570.57	523.22	38.4	39.0	38.5	15.14	14.63	13.59
Retail	331.58	334.40	309.64	31.7	32.0	31.5	10.46	10.45	9.83
Finance-Ins. & R.E	415.71	420.20	415.23	35.5	36.1	35.1	11.71	11.64	11.83

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

increases due to pipeline repair work. Laborer's Local 942 reported that placements with the project's prime contractor have been up over 50% since the beginning of the pipeline repair project. Another project, a pipeline being constructed for ARCO on the North Slope, also contributed to the boost in construction employment in March.

Southeast Alaska also had a healthy 21% monthly increase in construction employment in March. The 1990 construction season in Southeast is expected to be one of the strongest in the state, with construction projects throughout the panhandle contributing. If March's employment increase is an indicator, these high expectations will be fulfilled.

Wholesale, Retail Trade Jobs Add To March Expansion

The trade sector had the third largest employment gain in March, following manufacturing and construction. Both the wholesale and the retail side contributed to the growth. In wholesale trade, some of the additional employment is attributable to the rebounding construction industry. Wholesale outlets providing heavy machinery, equipment and supplies, as well as hardware, plumbing and heating supply stores have posted healthy employment gains. These two types of wholesalers are an excellent barometer of construction activity because they supply a good deal of the materials to construction contractors.

On the retail trade side, Anchorage was the center of the additional retail activity in March. Food stores and eating and drinking places both posted some slight gains in Anchorage during March. Retail trade contributed additional employment in every other region also, with most regions posting the largest job gains in eating and drinking establishments.

About the author:

John Boucher is a labor economist employed with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Air Transportation Gets Two Boosts For The Future

While statewide air transportation increased a mere 50 jobs in March, two announcements were recently made which bode well for Alaska's air transport industry. United Parcel Service (UPS) announced plans to construct a $3.6 million cargo handling facility in Anchorage. The facility will house a new base of operations for the company, and is designed to handle a large UPS expansion. What is encouraging about the announcement is that it comes prior to the award by the U.S. Department of Transportation of a new cargo route from Alaska to Japan. UPS and Emery Air Freight are vying for a route which will allow one of the two carriers to haul cargo between Alaska and Japan. Any major UPS expansion plans are probably contingent on a ruling in UPS's favor.

The second boost for the air transportation industry was Mark Air's recent announcement that they will be hiring up to 200 more people this year than last year to cover new and expanded seasonal routes. The airline's advance bookings are currently 30% ahead of last year. Most of the new routes will be added in Southwestern Alaska, although Valdez and the North Slope will also see some benefits from the service expansion.

Mining Grew, but Drift River Terminal Closure Jeopardizing Some Jobs

Mining employment posted a gain of 200 jobs in March with about 80 of the monthly gain occurring in hard rock mining and the balance of the gain in oil field services. Most of the gain in the hard rock mines were in Northern and Interior Alaska locations. In the oil industry, drilling and other oil field services companies continue to be the main source of growth.

One negative for oil field services firms occurred in March. A squeeze is beginning to be felt by firms servicing oil platforms shut down due to the Drift River oil terminal closure. Contractors and service firms indicated late in the month that some layoffs were imminent. It's estimated that more than 550 jobs are dependent upon oil production from the west side of Cook Inlet.

Summary: March The Catalyst for Annual Seasonal Takeoff

March employment and unemployment figures indicated that Alaska's annual seasonal turnaround has begun. The manufacturing, construction and trade sectors started the process, thanks to winter fisheries activity, some oil industry-related construction projects, the gearing up of logging operations and broad based wholesale and retail trade activity. Other industries exhibited a hint of future employment growth, including the hard rock mining and air transportation industries.

The next few months will be interesting ones on Alaska's employment scene, as the one-year anniversary of the peak work force of the oil spill cleanup approaches. While over-the-year total employment growth comparisons are expected to slow dramatically in the next few months, Alaska's economy is still on the growth path.

A Free Practicum for Alaska Job Counselors

A "How to" Workshop in Fairbanks for teachers and counselors:

"Career Decision Making Using Labor Market Information"

This two-day workshop is designed to train teachers and counselors to help individuals use labor market information in making decisions about occupations and careers.

DATES: In Fairbanks - May 29-30 at Noel Wien Library Conference Room.

PRESENTERS: Sally Saddler, Larry Davis and Neal Fried of the Alaska Department of Labor (DOL) and Jan Smith of the Alaska Department of Education.

CREDIT: Counselors completing this workshop can receive credit toward professional recertification through the National Board for Certified Counselors.

CLASS LIMIT: 30.

More information is available from DOL's Research & Analysis Section, 465-4500.

Workshop participants will:

- **Observe videotaped dramatizations of case studies about "special needs clients,"**
- **Learn of the processes used to arrive at workable solutions for the clients; and**
- **Explore through exercises, lectures, and video presentations the role of labor market information in a changing world and how this information can improve career decision making.**

Table 6

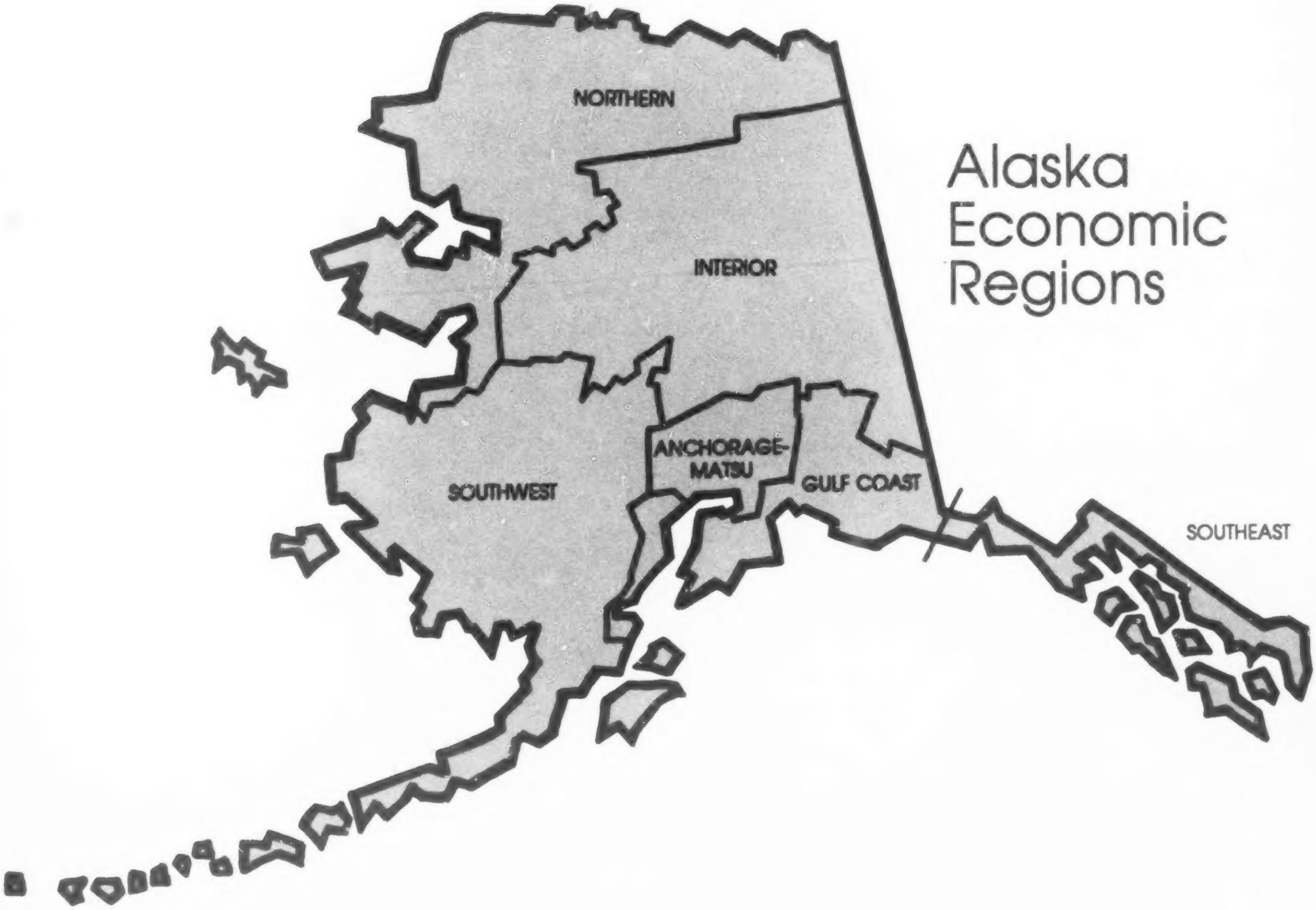
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 3/90	r/ 2/90	3/89	p/ 3/90	r/ 2/90	3/89	p/ 3/90	r/ 2/90	3/89	p/ 3/90	r/ 2/90	3/89
Alaska Statewide	252,157	253,367	244,476	19,925	22,273	19,696	7.9%	8.8%	8.1%	232,232	231,094	224,780
Anch.-MatSu Region	131,495	132,675	127,319	8,502	9,326	8,516	6.5	7.0	6.7	122,993	123,349	118,803
Anchorage Borough	116,268	116,743	112,690	6,441	6,841	6,481	5.5	5.9	5.8	109,827	109,902	106,209
MatSu Borough	15,227	15,932	14,629	2,061	2,485	2,035	13.5	15.6	13.9	13,166	13,447	12,594
Gulf Coast Region	27,554	27,818	26,214	3,554	4,138	2,963	12.9	14.9	11.3	24,000	23,680	23,251
Kenai Peninsula Borough	17,160	17,330	16,542	2,455	2,821	2,296	14.3	16.3	13.9	14,705	14,509	14,246
Kodiak Island Borough	5,945	6,057	5,603	342	528	175	5.8	8.7	3.1	5,603	5,529	5,428
Valdez-Cordova	4,449	4,431	4,069	757	789	492	17.0	17.8	12.1	3,692	3,642	3,577
Interior Region	35,646	35,766	34,919	3,698	3,932	3,947	10.4	11.0	11.3	31,948	31,834	30,972
Fairbanks North Star Bor.	30,569	30,710	30,013	2,867	3,108	3,158	9.4	10.1	10.5	27,702	27,602	26,855
Southeast Fairbanks	2,116	2,136	2,024	346	372	308	16.4	17.4	15.2	1,770	1,764	1,716
Yukon-Koyukuk	2,961	2,920	2,882	485	452	481	16.4	15.5	16.7	2,476	2,468	2,401
Northern Region	8,685	8,567	8,119	693	674	634	8.0	7.9	7.8	7,992	7,893	7,485
Nome	3,219	3,193	3,016	296	305	278	9.2	9.6	9.2	2,923	2,888	2,738
North Slope Borough	3,130	3,098	2,973	107	113	142	3.4	3.6	4.8	3,023	2,985	2,831
Northwest Arctic Borough	2,336	2,276	2,130	290	256	214	12.4	11.2	10.0	2,046	2,020	1,916
Southeast Region	35,226	35,268	34,411	2,802	3,626	3,005	8.0	10.3	8.7	32,424	31,642	31,406
Haines Borough	856	848	860	85	96	113	9.9	11.3	13.1	771	752	747
Juneau Borough	15,440	15,235	15,013	777	926	810	5.0	6.1	5.4	14,663	14,309	14,203
Ketchikan Gateway Bor.	6,658	6,752	6,451	649	888	631	9.7	13.2	9.8	6,009	5,864	5,820
Pr. of Wales-Outer Ketch.	2,742	2,800	2,685	351	466	369	12.8	16.6	13.7	2,391	2,334	2,316
Sitka Borough	4,063	4,034	3,948	244	307	249	6.0	7.6	6.3	3,819	3,727	3,699
Skagway-Yakutat-Angoon	1,806	1,869	1,805	313	412	359	17.3	22.0	19.9	1,493	1,457	1,446
Wrangell-Petersburg	3,661	3,730	3,649	383	531	474	10.5	14.2	13.0	3,278	3,199	3,175
Southwest Region	13,551	13,273	13,494	676	577	631	5.0	4.3	4.7	12,875	12,696	12,863
Aleutians East Borough	954	939	949	12	10	7	1.3	1.1	0.7	942	929	942
Aleutians West	2,676	2,637	2,669	36	33	31	1.3	1.3	1.2	2,640	2,604	2,638
Bethel	5,151	5,035	5,169	271	223	293	5.3	4.4	5.7	4,880	4,812	4,876
Bristol Bay Borough	529	521	536	31	30	39	5.9	5.8	7.3	498	491	497
Dillingham	2,479	2,458	2,453	148	159	124	6.0	6.5	5.1	2,331	2,299	2,329
Wade Hampton	1,762	1,683	1,718	178	122	137	10.1	7.2	8.0	1,584	1,561	1,581

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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ALASKA ECONOMIC
TRENDS

July 1990

Manufactured in Alaska

The Aleutians

April: Employment Growth Slows

ALASKA DEPARTMENT OF LABOR

STEVE COWPER, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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State of Alaska

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***John Boucher*, Editor**

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Number 7

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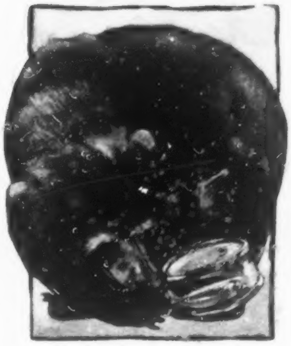
Alaska Economic Trends:
1990 winner of the INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES award for the most outstanding monthly publication concerning labor market information.

Cover design by Jim Fowler

Manufactured In Alaska

By Neal Fried



The manufacturing industry doesn't grab many business headlines in Alaska. Manufacturing doesn't seem to command the economic punch of the oil industry and is seldom considered an integral part of the fishing or timber industries. And what insures anonymity for Alaska's manufacturing industry is the fact that it is a relatively small industry in terms of the number of people employed.

They Come In All Varieties and Sizes

In spite of the industry's size (7% of the state's wage and salary work force), there are nearly 500 manufacturing employers in Alaska. They range in size from Ketchikan Pulp Corporation, with more than 800[1]/ workers, to The Ulu Factory of Anchorage with six employees.

Although there are nearly 500 Alaska manufacturers, employment is concentrated in the bigger firms. Approximately 80% of Alaska manufacturers have 49 employees or less, but 82% of the industry's employees work for employers with 50 employees or more. In the Alaska Department of Labor's last count of the top 50 employers in Alaska, manufacturing had 11 firms in the top 50. No other industry had a greater number of firms represented among Alaska's largest employers.

Who Are Alaska's Manufacturers?

Among Alaska's manufacturers are fish processors, newspapers, pipe fabricators, timber companies, machine shops, bakeries, print shops, refineries, jewelers, concrete mixers, and furriers. (See Table 1.) Some of Alaska's new high-profile manufacturers include Anchorage-based Alaska Mountaintop Spirits Company, which produces Attakiska vodka, Chinook Brewery of Juneau, and Chugach Forest Products' new sawmill in Seward. As evident from the diverse firms listed above, the definition of manufacturing is quite broad. The official U.S. Department of Commerce definition of manufacturing is a business engaged in "mechanical or chemical transformation of materials or substances into new products". It also includes businesses involved in "assembling component parts of manufactured products if the products are neither a structure nor other fixed improvement." An example of this would be the Wolf Computer Company in Angoon that assembles personal computers.

Table 1

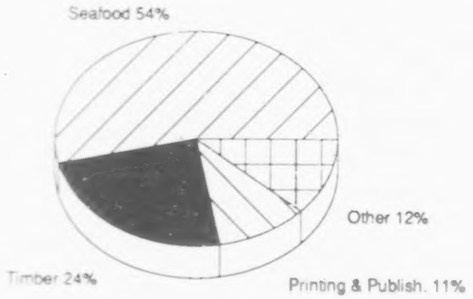
Alaska Employment in Manufacturing and Selected Subcategories

	1988 Employment	Percent Share
Total Manufacturing	15,204	100.0%
Food & Kindred Products	8,486	55.8
Seafood Processing	8,189	53.9
Textile Mill Products	320	2.1
Apparel & Other Textile	48	0.3
Lumber & Wood Products	2,670	17.6
Paper & Allied Products	948	6.2
Printing & Publishing	1,678	11.0
Newspapers	1,282	8.4
Commercial Printing	254	1.7
Petroleum & Coal Products	286	1.9
Stone, Clay & Glass Products	260	1.7
Primary Metal Industries	11	0.1
Fabricated Metal Products	149	1.0
Transportation Equipment	179	1.2
Ship & Boat Building	161	1.1

Source: Alaska Department of Labor, Research and Analysis Section

Figure 1

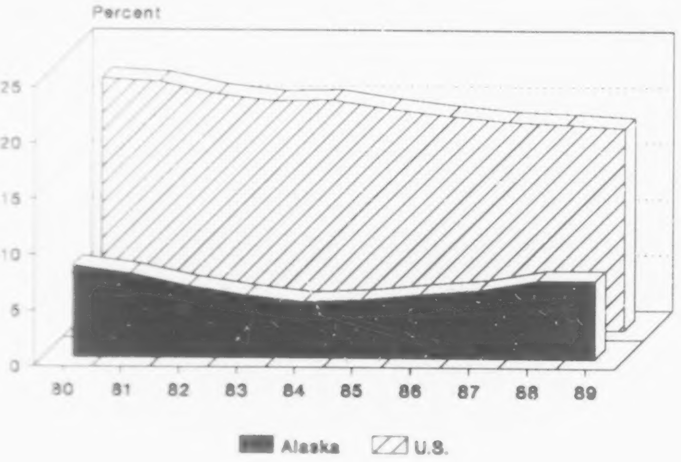
Alaska's Manufacturing Industry 1989



Source: Alaska Department of Labor, Research and Analysis Section

Figure 2

Manufacturing's Share of Total Employment



Source: Alaska Department of Labor, Research and Analysis Section

There are some activities, such as logging, that are not normally associated with manufacturing. Although taking a tree and turning it into a log represents a minimal amount of manufacturing it is considered manufacturing, nevertheless. Some might also say this about newspapers, but there is a major printing process, involving chemicals and assembly, in publishing a newspaper.

Manufacturing in Alaska: Advantages

Alaska's abundant natural resources are the number one asset for many manufacturers. Whether it be furs, oil, fish or timber, proximity to the raw materials is an advantage for Alaskan manufacturers.

Another advantage some Alaska manufacturers tout is their ability to produce custom-made products for local conditions. Alaska Battery Manufacturers and Alaska Windows are examples of manufacturers whose products are made specifically for Alaska's climate.

Proximity to demand can also work to a manufacturer's advantage. Some businesses require custom-made products that cannot always be ordered from a manufacturer outside Alaska. The desire of visitors to purchase locally made items also provides an incentive for many Alaska manufacturers. Some items such as insulation may be cheaper to manufacture locally because they are bulky and therefore expensive to ship.

Manufacturing in Alaska: Disadvantages

There are also disadvantages that Alaska manufacturers must struggle with to remain competitive. One mentioned repeatedly is freight expense. This affects manufacturers who either import their raw materials or export their products. Alaska's small markets can also be a big disadvantage. It is often tough to be competitive with much larger national operations. For other manufacturers, competing with areas having lower labor costs creates somewhat of a barrier for local manufacture.

Manufacturing Adds Value and Boosts Alaska's Economy

In the manufacturing process, value is added to a product. In Alaska this usually means taking a natural resource (fish, timber, oil, berries or water) and turning it into a semi-finished or finished product (canned salmon, lumber, aviation fuel, jelly or beer). In addition to raw materials, labor and other services are consumed during the value added process. And this generates more income, payroll, employment and overall economic activity in the state. The U.S. Department of Commerce estimated that in 1987, Alaska's manufacturers added $827 million of value to the $2.7 billion of manufactured products they shipped.

Alaskan Products are Consumed Locally, Nationally and Internationally

Some of Alaska's manufactured products are produced for local consumption, some are exported to other markets, and some are produced for both markets. One example of local consumption is The Bagel Factory in Anchorage which makes bagels and other products.

When a manufacturing firm starts producing a product for local consumption the process of "import substitution" usually occurs. This means that all or some of a previously imported product is being replaced by local production. An example of this was when Aurora Upholstery & Mattress of Fairbanks began manufacturing mattresses for the Alaska market. Import substitution is desirable because it generates more economic activity through the "value added" process and local income is retained longer in the community.

In Alaska's case most manufactured products are exported both to other states and internationally. Alaska exports proportionately more of its manufactured products internationally than any other state in the nation. In fact, Alaska's "Exporter of the Year" in 1989 was awarded to a manufacturer-Klukwan Forest Products. Exporting manufactured goods is desirable because it brings "new" income into the state and generates "value added" activity.

Table 2

Alaska's Top 15 Manufacturing Areas

(Ranked by employment)

	1988 Manufacturing Employment	Manufacturing as Percent of Total Employment
Municipality of Anchorage	2,119	2.1%
Kenai Peninsula Borough	1,486	13.4
Kodiak Island Borough	1,479	30.6
Ketchikan Gateway Borough	1,378	20.1
Wrangell-Petersburg Census Area	999	35.5
Aleutians West Census Area	961	29.6
Valdez-Cordova Census Area	859	21.5
Prince of Wales-Outer Ketchikan C.A.	750	37.4
Dillingham Census Area	719	31.9
Sitka Borough	701	19.0
Aleutians East Borough	639	62.5
Fairbanks North Star Borough	582	2.3
Haines Borough	576	47.3
Skagway-Yakutat-Angoon Census Area	377	24.0
Bristol Bay Borough	296	28.4

Source: Alaska Department of Labor, Research and Analysis Section

Seafood Processing and Timber Dominate Manufacturing

Although a variety of manufacturers operate in Alaska, the industry is dominated by a few products. (See Figure 1.) A little over half of all manufacturing employment is in the seafood processing industry; another 24% is in timber and paper products. Although these are two high-profile economic mainstays in Alaska's economy, not all of their activities are associated with manufacturing.

It is conceivable the fishing and timber industries could operate with very little Alaskan-based manufacturing employment. This could be accomplished by shipping all of the raw timber and fish products out to be processed elsewhere in the world. But instead manufacturers in these two industries have chosen to do some or all of the processing in Alaska.

For example, the timber industry employed 3,846 workers in 1989. And at least 40% of these jobs were involved with more intensive processing than simply logging, including producing pulp, cants and other wood products. If the industry simply shipped out raw logs those 1,526+ manufacturing jobs would not exist. These manufacturing jobs do not include other direct jobs in support industries such as transportation and government. Also not included are the indirect jobs generated by the pulp and saw mills. This manufacturing activity in the timber industry would all be characterized as "value added activity." In 1982 the Bureau of Census estimated that out of the $259 million value of Alaska's lumber and wood products, $94 million (excludes pulp products) of it could be attributed to the value added by the manufacturer.

It is a little less credible to argue that the seafood industry could also operate without its manufacturing arm because much of its product would spoil if not processed in proximity to where it was harvested. However, with the advent of factory trawlers it is also conceivable

Table 3

Manufacturing's Share of Total Employment by State, 1989

Rank	State	Manufacturing as Percent of Total Employment
1	North Carolina	28.3%
2	Mississippi	26.4
3	Indiana	26.0
4	South Carolina	26.0
5	Arkansas	25.8
6	Wisconsin	24.9
7	Michigan	24.8
8	Tennessee	24.3
9	Alabama	24.2
10	Rhode Island	23.5
11	Ohio	23.3
12	New Hampshire	21.6
13	Connecticut	21.4
14	Delaware	21.1
15	Pennsylvania	20.5
16	Kentucky	19.8
17	Maine	19.6
18	Iowa	19.5
19	Georgia	19.3
20	Minnesota	19.1
21	Missouri	19.0
22	Illinois	19.0
23	Vermont	18.4
24	Massachusetts	18.1
25	Oregon	18.0
26	Washington	17.7
27	New Jersey	17.6
28	Kansas	17.3
29	California	17.2
30	Idaho	16.5
31	Virginia	14.9
32	Utah	14.9
33	New York	14.4
34	West Virginia	14.3
35	Texas	14.2
36	Oklahoma	14.1
37	Nebraska	13.4
38	Colorado	13.1
39	Arizona	12.9
40	South Dakota	11.5
41	Louisiana	11.5
42	Florida	10.3
43	Maryland	9.7
44	Montana	7.6
45	New Mexico	7.5
46	**ALASKA**	7.0
47	North Dakota	6.3
48	Wyoming	4.5
49	Nevada	4.4
50	Hawaii	4.2
	U.S. Average	18.1

Source: U.S. Department of Labor, Bureau of Labor Statistics

that all of the product could be processed without accruing any "value added" to Alaska. The last time the Department of Labor made employment estimates for fish processing and harvesting, the processing end was responsible for 39% of the employment. And although 51% of these jobs are held by nonresidents, processing the product added 27% to the total value of the product Alaska sells.

Manufacturing other than Seafood and Timber

The remaining 25% of the state's manufacturing employment is spread among a number of activities. Employment-wise, the next largest group of manufacturers is printing and publishing. This category includes both newspapers and commercial printing operations. Two firms in this category are among the top 50 employers in the state -- the Anchorage Daily News and the Anchorage Times. On the printing side there are a large number of small and medium-size players. Most of their production is for local consumption and could be characterized as a "service" variety of manufacturing.

Another important group of manufacturers, particularly when it comes to product value, is Alaska's hydrocarbon refineries. Included in this category are four oil refineries (two in Fairbanks and two on the Kenai Peninsula) and an LNG (liquified natural gas) and urea plant. Quantifying their impact is difficult from a statistical standpoint because some of their employment and product value is accounted for in the oil and gas industry category. However, the U.S. Department of Commerce estimated that added value to petroleum products in Alaska was $178 million in 1982, not far behind fish processing.

It is more difficult to arrive at values of product and employment figures for the rest of the manufacturing categories represented in the state. Employment-wise they represent 12% of the manufacturing employment. Among this group are furriers, metal fabricators, concrete mixers, bakeries and other food processors. Most of these manufacturers are relatively small employers, with a few exceptions such as Sunrise Bakery of Anchorage with 100 employees. As a group their employment has grown more rapidly than the rest of manufacturing. One group that has grown particularly quickly is ship and boat building, where employment has almost doubled since 1980. The small firms' share of Alaska's manufacturing activity, however, has remained largely unchanged during most of the past decade.

Manufacturing- A Mainstay In Many of the Coastal Communities

The area with the highest concentration of manufacturing employment is the Aleutians East Borough. (See Table 2) There, 63% of all wage and salary employment is in manufacturing, and virtually all the manufacturing is seafood processing. Another area with a heavy concentration of manufacturing is the Haines Borough where nearly half of the jobs are in manufacturing -- a heavy dose of timber-related manufacturing plus some seafood processing activity.

Most of Alaska's coastal communities are heavily reliant on manufacturing as a source of employment. Southeast Alaska, for example, relies heavily on manufacturing (17%) as a source of employment because of its well-developed timber and fishing industries.

The Kenai Peninsula has the most diverse manufacturing sector in the state. In addition, the Kenai manufacturing sector produces the highest value in manufactured shipments of any area in the state. Kenai manufacturers include a substantial hydrocarbon-based manufacturing industry (see above) and fishing industry. The Peninsula also has an emerging timber industry. In January the high-tech Chugach Forest Products sawmill was opened in Seward. It will be cutting finished dimension lumber as well as wood chips for local Alaskan markets and export.

The community with the largest number of manufacturing employees, more than 2,000, is Anchorage. With the exception of the timber industry, all the types of manufacturers mentioned above are in Anchorage, plus a host of other small ones -- furriers, machine shops, vodka makers, butchers, bakers and yes, a candlestick maker. Anchorage manufacturers produce primarily for local consumption but there is also an export-related market. Fairbanks has a similar mixture of manufacturing employment, except for the fact that it is home to two oil refineries, MAPCO and Petro Star.

Alaska's Manufacturing Experience Different from the Nation's

Compared to the rest of the nation, manufacturing in Alaska is a modest affair: 18% of the nation's work force is employed in manufacturing compared to 7% in Alaska. (See Figure 2 and Table 3) Unlike Alaska, the national manufacturing scene gets front page play. In many respects the nation's economic well-being is measured by the strength of its manufacturing sector. And during the last decade, the outlook for the nation's manufacturing sector has not been very positive. Employment has fallen by more than half a million and projections of manufacturing employment usually show the nation's manufacturing sector continuing to decline.

Alaska's manufacturing trends have been quite different from the nation's. Alaska's manufacturing industry has enjoyed growth during most of the past decade and it is still growing. But drawing parallels may not be altogether fair because the industry makeup of Alaska versus the nation is so dissimilar. As mentioned earlier, timber and fish products are responsible for 78% of Alaska's manufacturing employment compared to 24% nationwide. The demand for Alaska's manufactured products is largely driven by the demand for natural resources. On a national scale it is the demand for finished products that determines manufacturing's fate -- products such as autos, high-tech equipment, textiles, and steel products. Fierce international competition in these markets has battered the nation's manufacturing industry.

This does not imply that Alaska's manufacturing industry is solid. Because so much of Alaska's manufacturing industry is resource-based, it is exceptionally sensitive to changes in world resource prices/exchange rates, demand, and the vagaries of nature. The crash of the king crab fishery, the collapse of the timber market in the early 1980s, and the dramatic drop in oil prices in 1986, are all reminders of the vulnerability of Alaska's manufacturing industry.

The Potential For A Manufacturing Bonanza Exists

Alaska's biggest challenge for future manufacturing will be its attempt to capture more "value added" in the fishing and timber industries. It is this effort which has the greatest potential for generating additional manufacturing employment. Although fishing and timber generate the largest share of manufacturing activity, much of their product leaves the state with little or no processing.

For example, in 1989 offshore trawlers harvested 80% of the bottomfish caught in the Bering Sea/Aleutian Islands. Most of the fish processed in Alaska goes through only a primary processing stage and the secondary processing takes place elsewhere. In other words, salmon is sold whole frozen and not in fillets, surimi paste is shipped elsewhere to be turned into artificial crab legs and pollock leaves the state in blocks instead of fish sticks. If Alaska were able to tap more of this activity, literally thousands of additional jobs would be created, jobs paying more than the standard $7/hour processing variety. The Japanese once estimated that the Bering Sea fishery alone produced 500,000 jobs in Japan. This is double the present size of Alaska's entire labor force.

On the timber side the story is not much different. Approximately 60% of Alaska's timber exports are raw logs. Looking at this simplistically, Alaska could more than double its timber manufacturing employment if most logs were processed in state. For every million board feet harvested, 2.4 loggers are employed; if these logs are processed into pulp they create another 2.4 jobs, into kiln-dried lumber 2 additional jobs are created.

The advantage of more value added scenarios in the logging and fish industries, at least theoretically, is that no new industry has to be developed or created from the ground up, nor would harvests of natural resources have to grow. Instead, Alaska merely has to capture more of the activity already taking place somewhere else in the world.

Some manufacturers are taking steps to capture more of the added value of these resources. Fillet machines and the production of boneless and skinless canned salmon are becoming more common sights in Alaska's fish processing operations. Fish processors such as Silver Lining of Ketchikan, Seafoods from Alaska and others are producing a variety of finished products for the national and international markets. The expansion of the Fishery Industrial Technology Center in Kodiak is an indication of a growing commitment to help the industry research and develop new product lines.

Examples of new value added activity in the timber industry also exist. The aforementioned Chugach Sawmill in Seward is producing finished dimensional lumber for local and international markets. There is also talk of building a press board plant in Seward to utilize some of the by-products of the Chugach plant. The Ketchikan Pulp Company added a sawmill to its operations in 1988, and two additional sawmills may open in Southeast Alaska in the near future.

There are a number of other possibilities that provide hope for the future of Alaska's manufacturing industry. As long as the state's market grows, Alaska's smaller manufacturers will find more opportunities. There are even some business leaders who believe a light manufacturing industry in Alaska may get a boost around Alaska's growing role as an international air-transshipment point.

There has also been an effort by a number of groups to promote manufacturing in Alaska. They include the Interior Manufacturer's Association, the Alaska Manufacturer's Association, the Made In Alaska program and a number of handcraft programs. It is important to note that the State of Alaska's bidder preference law gives local manufactured goods an advantage. And the amount of preference is contingent on how much of the value added process takes place in Alaska.

Summary -- Manufacturing: A Small, But Important Industry

Manufacturing is indeed a small industry in Alaska but it provides important infrastructure to the economy -- particularly to the fishing and timber industries.

Most of Alaska's manufacturing activity is related to one of Alaska's many natural resources, which includes fish, timber, furs, oil and a host of others. But there are also other manufacturing firms which produce a wide variety of goods in the state.

Alaska is often a tough climate for manufacturers to operate in. The state's markets are small, freight bills can be prohibitive and labor costs can be high. But the proximity to such natural resource wealth gives Alaska some advantages. The demand for on-site custom manufactured products, fresh products, Alaska-made products for visitors and other small niches has also provided incentive for many manufacturers to operate in the state.

Seafood and timber account for three quarters of the state's manufacturing industry. Printing and publishing and refining petroleum products take up most of the rest. The emphasis on seafood and timber also means these are the industries of particular importance to Alaska's coastal communities, where most of this activity takes place.

Although the state's manufacturing industry is small its potential is great. Most of the fish and timber products processed in Alaska today go through a primary processing stage and the rest of the processing is performed elsewhere in the country or world. All Alaska would have to do is capture more of the value added activity and the manufacturing industry would grow dramatically. If this happened, manufacturing could also help replace oil revenue activity.

Both timber and fish processing employment helped to cushion the economies of many communities during Alaska's recent recession. The manufacturing industry could help mitigate the decline in oil revenue-related activity if it continues to grow.

About the author:

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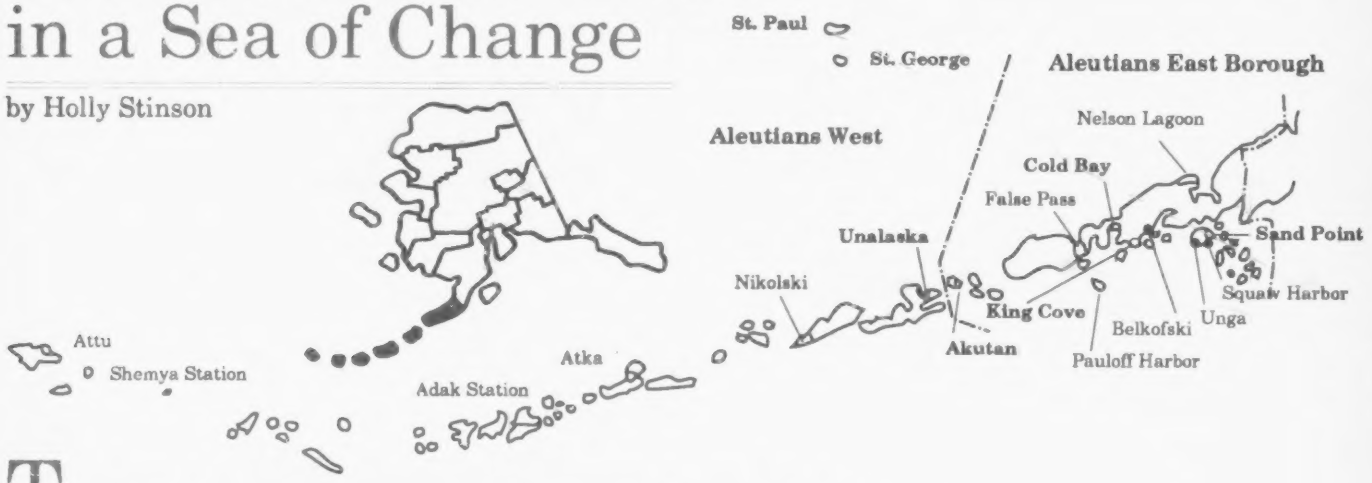
Notes:

1/ Includes all aspects of Ketchikan Pulp Corp. operations, including logging and sawmill activities.

The Aleutians: Islands in a Sea of Change

by Holly Stinson



To many Alaskans, the Aleutians are not really thought of as part of the state. Instead, they are seen on maps as a tiny box of islands floating in the Gulf of Alaska. For most Aleutians residents, their economic lifeline has been with Seattle more so than with other parts of Alaska. Geography explains both of these points. The Aleutians are a chain of volcanic islands that extend west from the Alaska Peninsula in an 1,100 mile-long arc. (See map.) They serve as a dividing line between the Bering Sea and the North Pacific Ocean. This great distance, along with the very fact that they are islands, means they are isolated communities. Their location has dictated the structure of their economy to a great extent.

Table 1

Aleutian Islands Population in 1988

	Total Population	Uniformed Military
Total Aleutian Islands	8,274	2,698
Aleutians East Borough	1,573	
Akutan	86	
Cold Bay	154	
False Pass	87	
King Cove	535	
Nelson Lagoon	65	
Sand Point	615	
Balance of Aleutians East Borough	31	
Aleutian Islands West Census Area	6,701	2,698
Adak	4,143	2,076
Atka	83	
Attu	27	27
Nikolski	34	
Shemya	603	576
St. George	156	
St. Paul	521	19
Unalaska	1,131	
Balance of Aleutian Islands West	3	0

Source: Alaska Department of Labor, Research and Analysis Section

The Aleutian and Pribilof Islands are home to two separate types of communities: the military enclaves supported by the Pentagon and the civilian communities supported almost entirely by the fishing industry. Both types of communities are undergoing change to some degree. With the ending of the Cold War, the function of military bases is being redefined; the economies of the civilian communities are changing as the structure of the fishing industry changes. This article discusses the current economic picture of these changing communities in the two census areas that include the Aleutian and Pribilof Islands.

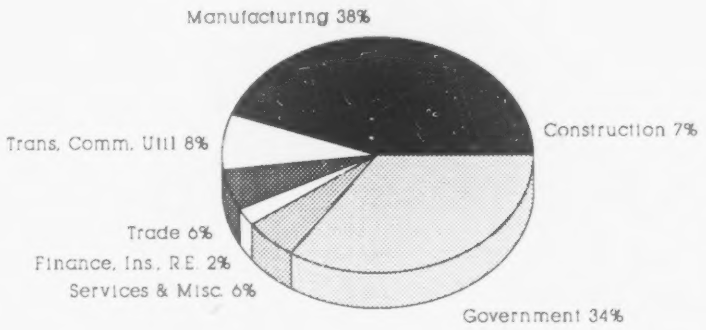
Economy of Eastern Aleutians Tied to Salmon Harvest

The Aleutian Islands recently divided when the Aleutians East Borough was formed in 1986. Six communities make up the Aleutians East Borough -- Cold Bay, King Cove, Nelson Lagoon and Sand Point on the Alaska Peninsula and Akutan and False Pass on the chain of Aleutian Islands. According to a 1988 estimate, 1,573 people lived in the Borough, almost three-fourths of them in King Cove and Sand Point. (See Table 1.)

The entire Aleutian chain relies on the fishing industry, but this eastern portion traditionally depended more on the salmon harvest while the western half relied more on the crab, and now groundfish, harvest for their livelihood. All of the communities in the Aleutians East Borough with the exception of Cold Bay rely on fishing and fish processing for their main economic activity.

Figure 1

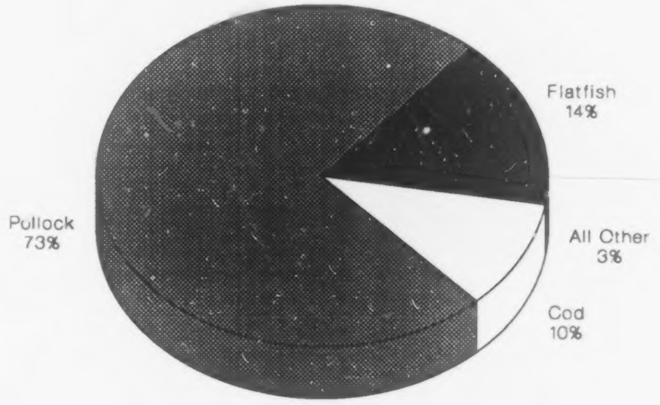
Aleutian & Pribilof Islands Employment by Industry, 1988



Source: Alaska Department of Labor, Research and Analysis Section

Figure 2

Groundfish Catch in Aleutians* in 1989



* Includes Aleutian Bering Sea and Western Gulf Regions.

Source: Alaska Department of Fish and Game

Majority of Jobs in Processing, Government

A glance at Figure 1 and Table 2 reveals a regional economy based overwhelmingly on government and manufacturing. Almost three-fourths of all jobs -- 72% -- are in these two sectors. In this region, manufacturing jobs almost exclusively mean seafood processing jobs. This eastern portion of the region is no exception. Processors are located throughout the Borough, both land-based and floating operations. The Peter Pan plant at King Cove is one of the largest processing facilities in the state. Trident recently opened a new plant at Akutan which will employ as many as 400 people to process pollock into various products, including fish meal and surimi. One community seen on the map but not mentioned here is Port Moller, because this "community" consists entirely of a seafood processing plant.

Most of the jobs with the processors, though, are not held by local residents. Many processing facilities are so self-contained as to be called a "community within a community". They supply their own food and housing needs, and generate their own electricity. Few goods or services are bought through the local economy. In some communities a firm's management may live in town, and local residents may staff the firm's office. Local residents are more often employed in other industry sectors -- trade, services, transportation or government -- or in fish harvesting.

Table 2

Aleutian Islands Wage & Salary Employment - 1980-1989*

	1980	1981	1982	1983	1984	1985	1986	1987	1988	9 mo. Avg. 1988	9 mo. Avg. 1989*
Total	3,252	3,436	3,158	3,387	3,231	3,172	3,418	3,565	4,273	4,252	4,647
Mining	**	**	**	**	**	**	**	**	**	**	**
Construction	112	118	81	131	108	147	210	214	290	265	138
Manufacturing	1,586	1,625	1,255	1,269	870	874	959	1,173	1,600	1,884	2,114
Transportation	127	183	209	191	186	237	247	312	325	332	369
Trade	111	122	121	116	197	127	203	216	221	212	235
F.I.R.E.	**	**	**	**	**	**	**	**	**	**	**
Services & Misc.	160	161	170	313	371	306	277	207	254	278	211
Government	1,081	1,131	1,230	1,267	1,324	1,337	1,385	1,315	1,467	1,431	1,489
Federal	676	686	723	729	720	694	742	682	825	776	854
State	68	66	76	72	74	80	74	70	81	76	83
Local	337	379	431	467	530	563	569	563	561	579	552

* Only the first three quarters of 1989 data are available.

** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section.

Cold Bay is Air Hub for Eastern Region

One town in the Aleutians East Borough doesn't have a fishing orientation. Cold Bay was developed during World War II as a military base, and today remains the major air transportation hub for the area. With one of the longest runways in the state, the city would like to entice some air carriers flying the West Coast to Orient route to use Cold Bay as a refueling stop, shaving both miles and time off the stop in Anchorage.

Cold Bay is also hoping to improve their dock facilities in order to attract ships for supplies and services. Their deep water port and strategic location both offer potential for development. The dock plans are firmer than the airport scheme at this time. The Aleutians East Borough is funding $1.1 million of the estimated $3.3 million cost and plans are to have the project out for bid by spring 1991. Sand Point is also in the middle of a harbor and dock expansion, hoping to capture some of the boat storage business from people who now make the trip to Kodiak or Anchorage for winter storage of their vessels.

Western Aleutians & Pribilofs Have Majority of the Jobs

The Aleutian Islands West census area is comprised of three Aleutian communities -- Atka, Nikolski and Unalaska -- plus the two Pribilof Island communities of St. Paul and St. George. Five military installations are also included in this area. Table 3 shows how employment is split between the Aleutians West and Aleutians East. More than three-fourths of the jobs are in the Aleutians West census area, and an overwhelming number of jobs in this western portion are in Unalaska. Atka, Nikolski, St. Paul and St. George all have a handful of private firms. Shemya has a few private employers and some federal jobs. Adak has more than 20 private firms, 8 state agencies, over 100 local government employees, and nearly 700 federal jobs. The rest of the employment is all in Unalaska.

Unalaska: Groundfish Harvest Creates a Boom Town

This western Aleutians community has bounced back from the king crab crash in the early 1980s to become Alaska's most enduring boom town. Ranked first in value of seafood landed in 1978 and

Table 3

Employment by Census Area 1988

	Aleutians East Borough Annual Average	Aleutians West Census Area Annual Average
Total	1,022	3,251
Mining	*	*
Construction	11	279
Manufacturing	639	961
T.C.U.	60	265
Trade	46	176
F.I.R.E.	*	*
Services & Misc.	21	233
Government	211	1,256
Federal	29	796
State	0	81
Local	182	379

* Nondisclosable

Source: Alaska Department of Labor, Research and Analysis Section

1979, its economy crashed as the stocks of king crab crashed. With the emergence of the groundfish harvest in the North Pacific and Bering Sea, this town has made an economic comeback.

In 1989 Unalaska was second in the nation, behind Bedford, Mass., in value of seafood landed ($107 million). Unalaska's harbor (Dutch Harbor) is the main port for servicing the expanding fleet of groundfish harvesters and processors. The major buildup in docking and servicing facilities took place over the last three years. Activity at the harbor is now levelling off at about 6,000 vessel calls a year.

This figure includes several dockings by foreign vessels. Not only do they take on fuel and supplies at Unalaska, but a brisk trade is carried on by local merchants who sell to foreign sailors anxious for consumer products. In addition to helping the private sector, ships docking at Dutch Harbor also bring revenue into city coffers. A 3% city sales tax brought $3.2 million in revenues from sales of fuel and other goods. The city's raw fish tax brought another $2.4 million into the city treasury.

The increase in local economic activity has also meant an increase in water and air transportation service. Employment in this sector almost doubled in the last five years. The boom has also inevitably meant an increase in population. The city manager estimates there are now about 2,500 permanent residents. He notes, though, that the actual number of people in Unalaska at any one time varies from 5,000 to 7,000 depending on local activities. The limiting factor for much economic activity is the chronic shortage of housing. The shortage is being eased somewhat this summer as the local Native corporation and several private firms build new housing units. With the fluctuation in population it is hard to say if the new facilities will be adequate to ease the housing crunch.

Processors in Unalaska Expanding

In addition to servicing the floating processor fleet, Unalaska is home to several land-based seafood processing plants. Three firms already in Unalaska are undergoing major expansions in order to take advantage of the latest seafood products: surimi and fish meal.

Surimi is a fish paste made from pollock; fish meal is made from fish parts wasted in traditional processing. Alyeska Seafoods has spent over $12 million building a new fish meal plant which will quadruple their product output. They also make creative use of another waste product -- fish oil -- by mixing it with diesel fuel to operate their power plant and some of the processing equipment.

UniSea will finish a $60 million expansion by this September which will double both their fish meal and surimi processing. With housing in short supply, part of their expansion includes two new bunkhouses for employees. Even though the production of fish meal is highly automated and not labor intensive, UniSea's expansion will create 200 new jobs. Westward Fisheries is also expanding their seafood and surimi plant -- up to $70 million worth of new plant will translate into 250 new jobs by early 1991.

The Changing Groundfish Story

Today's economic activity in Unalaska would not be happening if not for the Magnuson Act, passed in 1976, which extended American control of the fisheries from 3 to 200 miles offshore. Previously, groundfish were harvested by foreign fleets and taken to foreign shores. Joint ventures began harvesting in the Aleutian area by 1980 -- Americans caught the fish and delivered them to foreign processors at sea. By 1987, the joint-venture fishery accounted for 90% of the total Eastern Bering Sea groundfish harvest.

Since then, the joint-ventures are being displaced by American-owned floating processors and onshore processors. Their 90% allocation in 1987 has been turned around. In 1990, their share of the groundfish is 10% while the American companies' share is 90%. The caveat to be mentioned here is that many American companies are partly or wholly owned by Japanese firms. A total "Americanization" of the groundfishery has not yet occurred.

Table 4 shows the importance of the groundfish harvest. It accounts for 34% of the state's total seafood value, nearly equal to the salmon harvest's 38% share. Almost all (90%) of the groundfish catch is harvested in the region covered in this article (designated Aleutian Islands, Bering Sea, and Western Gulf). As can be seen in Figure 2, pollock is the major species of groundfish harvested, making up 73% of the groundfish catch in this region.

Residents Catch, Instead of Process, Fish

Although the fishing industry is the lifeblood of most Aleutian communities, local residents are more often engaged in fish harvesting instead of fish processing. In 1988 the Commercial Fisheries Entry Commission issued 346 fishing permits to persons with Aleutian Islands addressess. Counting in crewmembers would greatly increase the number of people actually harvesting. Most seafood harvesting jobs are not included in the Alaska Dept. of Labor's (AKDOL) statistics, so they are not reflected in the tables or figures accompanying this article.

St. Paul, St. George Expand Harbors

Northwest of Unalaska are the Pribilof Islands of St. George and St. Paul. The economies of both communities are changing since the fur seal harvest ended in 1983. St. Paul served to some extent as a base for oil and gas exploration activity in the early 1980s. The local seal plant was converted to a seafood plant and now processes crab, cod and halibut. The big news in St. Paul is the new $30 million investment in improved harbor facilities. As the center of the groundfish harvest moves west into the Bering Sea, the City of St. Paul hopes to attract vessels for offloading and services, economic activities similar to those now enjoyed by Unalaska. Using St. Paul as a base would save time and fuel for the Bering Sea fishing fleet. St. George is also improving its harbor, but on a smaller scale than St. Paul's. About $6 million has been spent on the harbor to date, and future improvements are in the planning stage.

Processing Jobs Jump in '88, '89

After falling in 1982-1985 as the crab harvest fell, jobs in this industry have steadily increased, posting large gains in the last two years. Employment grew 36% in 1988 and another 33% during the first six months of 1989. Since the groundfish harvest is year-round, these new jobs are also year-round. However, these jobs are not always filled by local residents. An AKDOL report analyzing residency status of workers by firm showed that it is common for seafood processors to have a non-residency rate among their employees of over 50% (when residents are defined as people who filed for a permanent fund dividend). In many cases support staff are recruited locally; they along with management usually live in town.

Table 4

Value of Commercial Fish Harvest In 1989

Species	Total Value (in thousands)	Value of Aleutian Catch (in thousands)	Aleutian catch as % of Total
King crab	$104,976	$101,316	96.5%
Tanner crab	156,225	131,931	84.4
Dungeness crab	8,151	10	0.1
Shrimp	1,343	0	0.0
Misc. shellfish	3,256	1,886	57.9
Halibut	76,100	6,782	8.9
Groundfish	456,600	410,058	*89.8
Salmon	505,332	56,300	11.1
Herring	18,800	1,300	6.9
TOTAL	$1,330,783	$709,583	53.3%

*Estimate

Source: Alaska Department of Fish & Game

A considerable number of processing jobs in the Aleutians are not included in Alaska AKDOL statistics. The jobs on floating processors registered in Washington state show up there as manufacturing employment. Of the 263 permits issued by the Alaska Dept. of Environmental Conservation to processing vessels this year, half listed a Washington address for their firm. The vessels on that list, however, are not all large processing facilities; they range in size from 24 to 400 feet. The number of factory trawlers is hard to pinpoint but has been estimated recently at 70 (both Alaska- and Washington-based).

Fish Tax Revenues Fund Local Services

Another important aspect of the seafood industry is the revenue that comes back to the communities from the state's raw fish tax. Most communities also have a local fish tax. Together these monies often fund more than half of the local operations. A tax credit of 50% was extended to shore-based processors in an effort to even out any competitive advantages enjoyed by the floating processors and encourage land-based investments. Although the legislature did not renew the program this session, firms which already have made qualifying investments can take the tax credit during the next two years. A total of 89 plants statewide took advantage of this program; ten of these are in the Aleutians. The four plants making the largest expenditures ($10-$20 million) are all located in the Aleutians.

The Debate: Onshore vs. Offshore Processors

A long-running debate centers on land-based versus floating processors. While neither type of processing facility employs many local residents, plants on land pay local property taxes in addition to the raw fish tax on pounds of fish delivered to them. However, they are taxed at a lower rate than offshore processors. Some floating processors escape the raw fish tax altogether if they operate outside the 3-mile limit of state control. If offshore processors permanently dock for one year, they are considered onshore and taxed at the lower rate. Shore-based processors also contribute more to the local economy because of their demand for local goods and services.

Besides the debate over contributions to the local economy, a perhaps bigger issue is whether or not the increasing number of factory trawlers will overharvest the resource. Unlike land-based processors, floating plants can simply move to a new region if the resource is exhausted in one area. An example of this occurred in 1989 in the Gulf of Alaska. The quota of pollock was reached by late February; usually this fishery is open through November or even December. Kodiak-based plants were left without pollock to process for the rest of the year, while the factory trawlers simply moved westward to new fishing areas.

Because of the above scenario, there are now proposals before the North Pacific Marine Fisheries Council to begin allocating groundfish among land-based and floating processors. If such an allocation becomes law, more floating processors may permanently dock, thereby qualifying as land-based facilities. Faced with the possibility of overharvesting, the Council has also set a cut off date for entries in the groundfish industry. Any boat not already in the water (or already under construction) as of January 19, 1990, may, in the future, be barred from fishing in the North Pacific.

Other Issues Face Fishing Industry

There are other issues facing the fishing industry in addition to onshore/offshore allocation and overharvesting. The by-catch of untargeted species can mean early closure of a fishery. This is the first year that federal observers are on vessels fishing in the North Pacific, and the by-catch observed by them on many vessels differs from what was previously reported. The most serious of the by-catch species at this time is the sea lion. Their numbers are decreasing at such an alarming rate that this mammal was recently put on the list of federally protected species. The possibility existed that the sea lion would be placed on the more restrictive federal list of endangered species, which could have meant a total closure of most of the fishing grounds in the Aleutian region.

Another concern is the pollock catch in the "doughnut hole", which affects both U.S. and Soviet stocks. Overharvesting in this area of contested control means fewer fish to migrate into the 200 mile limit of U.S. ownership, and therefore fewer fish for U.S. vessels to harvest. The Magnuson Act is up for re-authorization; these and other questions will then be revisited. Who will set quotas, how will the resource be allocated, will roe-stripping be outlawed, will there be regulations forcing processors to use more fish wastes? This industry will certainly continue to change in the future.

Other Industries Offer Some Jobs in Aleutians

Because of remoteness, there aren't many conventional tourists in the Aleutians. But the Aleutian and Pribilof Islands are a mecca to bird watchers. The bulk of the Alaska Maritime National Wildlife Refuge is in this region, and Adak is home to an elaborate visitor center for the Refuge. The Alaska Marine Highway has one ferry capable of navigating in the rough waters off the Aleutian Islands. It makes 3-4 runs along the Chain each summer, and a few hardy tourists are usually on board.

Mining plays a small part in the Aleutian economy. Offshore oil and gas leasing activity is currently focused on areas other than the Aleutians. Onshore, the geology of the Aleutian Islands does not lend itself to mineral deposits. One former underground gold mine on Unga Island is currently being evaluated for possible production. Located just a few miles from Sand Point, residents of that town may have employment opportunities in the mining industry.

There are many jobs in the Aleutians which are not reflected in the Alaska Dept. of Labor's employment statistics. This is particularly true in the construction industry. Because many construction firms are based in Anchorage, with projects in various other parts of the state, their employment is reported in Anchorage. With three seafood plant expansions and new housing being built in Unalaska, along with harbor improvements in many Aleutian communities and military construction (see section below), there are literally hundreds of construction jobs in the Aleutian region this summer.

The Military: A Large Presence in the Aleutians

The other side of the Aleutian economy is based on Navy and Air Force military installations. Uniformed military and their dependents stationed in the Aleutians account for almost half the population. In addition, there are close to 1,000 civilian workers and dependents in the Aleutians.

Two naval bases are located at Adak and Amchitka; Shemya is home to one of three of the Air Force's "forward ready bases" in Alaska where fighter planes are deployed to protect U.S. borders. The Coast Guard maintains two Loran radar stations with small contingents of personnel. They are located on Attu, the westernmost of the Aleutian Island chain, and on St. Paul in the Pribilof Island group.

The largest of the military bases is the naval station at Adak. Over 5,000 uniformed personnel, civilian employees and dependents of both these categories of people are stationed there. Adak ranks as Alaska's 11th largest community. Perhaps it's confirmation as a "big city" came when McDonald's opened its golden arches on the island.

Construction money on Adak's military base totals $56.5 million for 1990; projects include housing, warehouse, and school facilities. Some construction, though a much smaller amount, is going on at Shemya's air base. The Navy is now testing and evaluating a recently-completed, $60 million project at Amchitka, constructing an over-the-horizon backscatter radar system to track ships at sea. Construction of a second system is scheduled to begin in the summer of 1991. This $60-80 million project will employ 250-300 workers during its two year construction phase.

Income, Unemployment Both Lower Than Most of State

Per capita income in the Aleutian Islands for 1987 was $17,309 -- more than $1,000 lower than the state average. This is not surprising considering average monthly wages are lower than the state average. In 1988, average monthly wages were $2,008 for the Aleutians East Borough and $2,140 for the Aleutian Islands West census area, compared to a state average of $2,310. A large number of seafood processing jobs, which are low-paying, helps to explain the income picture in this region. Subsistence activity, though not measurable, also contributes to the population's welfare.

Though average income is lower than the state average, the Aleutians enjoy the lowest unemployment rates in Alaska. Annual average unemployment was 1.4% (Aleutians East) and 1.3% (Aleutians West) for 1989. The Aleutians is not an area where job seekers linger if no employment opportunity appears. To be included in the labor force, though, a person must either be working or have looked for work within the last four weeks. There are many people who want to work who don't fall into either of these categories, so the true unemployment rate is undoubtedly higher than the official rate when these "discouraged workers" are included.

Summary: Aleutians Economy Tied to Seafood & Military

With few exceptions, there are just two types of communities in the Aleutian and Pribilof Island region: those that depend on the seafood industry and those that depend on the military.

U.S. control of the groundfish harvest has created an economic boom in the Aleutians that is still going on today. More than half the total value of seafood harvested in Alaska is caught in this region. There are many unanswered questions concerning the future of the seafood harvest, especially the groundfish harvest: questions about overharvesting, allocation, utilization of waste material, and by-catch of other species.

The five military enclaves in the Aleutian/Pribilof region account for more than half the area's total population. Millions of defense dollars are spent at these Navy, Air Force and Coast Guard bases, providing jobs not only for uniformed military but civilians also, in addition to jobs for construction workers and service providers.

The Aleutians are a remote, isolated part of Alaska. They are linked more to Seattle than to any city in Alaska. But their economy is growing, more ties to Alaska are being formed, and their future is bright.

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April Employment Shows Slower Growth

By Brian N. Rae

April employment levels continued the recent trend - up both over the month and over the year. The Alaskan economy showed an expected seasonal employment gain of 2.3% between March and April. (See Table 2.) However, when the one-year anniversary of the Exxon Valdez oil spill passed, the following caveat must be applied to over the year employment changes: "1989 data reflect employment levels inflated by oil spill cleanup activities."

Even with this caveat, April's level still topped last April by 3.3%, for two reasons. First, employment for the first three months of 1990 has been well above that of the same period last year -- 4.6% higher in March. Second, April 1989 employment was only slightly inflated by the oil spill work force. By April of last year, only 1,500 [1] oil spill workers had been hired by VECO and Norcon, the two main contractors for the cleanup work. Year ago comparisons in the summer months will be more problematic, when over the year growth dissipates or perhaps even disappears. (See Figure 1.)

Plans for the 1990 cleanup were released in April, and beach cleaning operations will take place this summer. However, the number of workers will be much smaller than last year (most sources saying between 1,000 and 1,100). While statewide employment numbers will be affected by the reduced work force, the employment drop will be most dramatic in the Gulf Coast region's transportation industry, where these jobs appeared last year.

Table 1

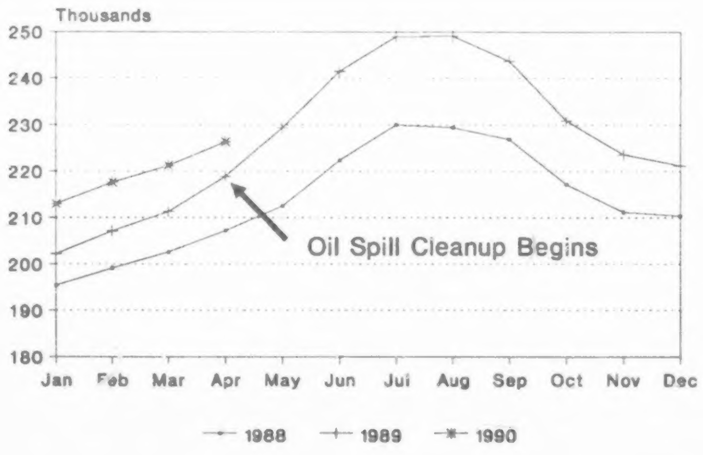
Top Five Statewide Unemployment Rates April 1990

Rank	State	Rate
1	Alaska	7.9%
2	Rhode Island	7.1%
3	Michigan	7.0%
3	West Virginia	6.7%
5	Arkansas	6.2%

Source: West Virginia Department of Employment Security

Figure 1

Alaska Wage and Salary Employment 1/88 through 4/90



Source: Alaska Department of Labor, Research and Analysis Section

Just as over the year employment growth was affected by the oil spill, so too was the unemployment rate. (See Table 5.) April's rate was 7.9%, the same as March's and eight-tenths of a percentage point above last April's figure. Even though higher than last year, the rate is not bad for Alaska for this time of year. The state reclaimed the dubious distinction of having the highest unemployment rate in the nation. (See Table 1.)

State Budget Increases, Includes Lots of Capital Projects

When the final bell rang on the 1990 legislature, the state spending plan for the coming year included something for most everybody. The capital budget saw an increase of $308 million over last year's level; the fiscal year 1991 plan (FY91) totals $700 million. (The State's FY91 plan begins July 1, 1990) Of this, $231.8 million comes from the general fund, $127 million from the Railbelt Energy Fund, and the remainder (nearly $350 million) from matching monies from the federal government and other sources, such as the International Airport Revenue Fund and the Highway Working Capital Fund.

The 50 plus page capital budget includes projects throughout the entire state. The University of Alaska system picked up two of the larger projects. The Fairbanks campus will see the construction of a $23 million natural sciences building, while the Anchorage campus received $16.5 million for the construction of additional classroom space. The legislature also appropriated $25 million for construction of the Healy Cogeneration Plant (which also received $93.2 million in federal funds). All three of these projects were paid for by the Railbelt Energy Fund.

The general fund's $231.8 million went for projects like the Lake Otis road improvement in Anchorage at $13.1 million, and the Palmer Correctional Facility expansion with a price tag of $5 million. Several large school projects were also paid for through general fund money. In Ketchikan, the local schools were appropriated $7.7 million for asbestos removal and additional building. Stebbins will see the construction of a $6.5 million school, while the proposed Ft. Wainwright elementary school was funded at $8.9 million.

The FY91 operating budget is also higher than last year's, coming in at $2.386 billion in general fund expenditures. As approved by the legislature, this is an increase of about $250 million and a total of 231 new positions. The legislature approved 276 new full time positions, but reduced the number of part time positions by 45.

Oil Prices a Budget Wildcard

Current funding levels face a potentially serious problem. The price of oil has fallen significantly the past several months. The most recent revenue forecast was based on oil selling at $19 per barrel. If prices average only $17 per barrel, there will be a $300 to $400 million revenue shortfall in FY91. (These revenue forecasts will be updated later this summer.)

If oil prices remain soft, agencies and projects may see budget reductions toward the end of the fiscal year. In past years, this has led to not filling positions immediately after they became vacant, delaying some capital projects, or in extreme cases laying off workers or shortening their work week.

The FY91 budget does not include any revenues from the expected tax litigation settlements. However, any such revenue windfalls will go to a budget reserve fund if a proposal is passed by voters in the November election.

Seasonal Industries Picking Up Employment

Alaska has two types of seasonal industries -- those that are dependent upon nature, and those that are dependent on tourists. Those industries at the mercy of nature showed strong

Table 2

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	226,300	221,200	218,900	5,100	7,400
Goods-producing	34,700	31,800	32,800	2,900	1,900
Mining	10,400	10,300	9,700	100	700
Construction	8,900	7,900	8,300	1,000	600
Manufacturing	15,400	13,600	14,800	1,800	600
Durable Goods	3,600	3,100	3,500	500	100
Lumber & Wood Products	2,800	2,400	2,700	400	100
Nondurable Goods	11,800	10,500	11,300	1,300	500
Seafood Processing	8,000	6,800	7,700	1,200	300
Pulp Mills	900	900	900	0	0
Service-producing	191,600	189,400	186,100	2,200	5,500
Transportation	18,400	18,300	19,000	100	-600
Trucking & Warehousing	2,200	2,200	2,200	0	0
Water Transportation	1,100	1,000	1,100	100	0
Air Transportation	6,200	6,200	5,600	0	600
Communications	3,100	3,100	3,200	0	-100
Trade	43,800	42,800	42,200	1,000	1,600
Wholesale Trade	8,100	7,900	7,600	200	500
Retail Trade	35,700	34,900	34,600	800	1,100
Gen. Merch. & Apparel	5,100	5,100	5,000	0	100
Food Stores	6,600	6,500	6,300	100	300
Eating & Drinking Places	12,600	12,100	12,400	500	200
Finance-Ins. & Real Estate	10,500	10,500	10,300	0	200
Services & Misc.	47,200	46,500	45,000	700	2,200
Hotels & Lodging Places	4,600	4,500	4,400	100	200
Government	71,700	71,300	69,600	400	2,100
Federal	18,400	18,400	17,700	0	700
State	21,600	21,400	21,100	200	500
Local	31,700	31,500	30,800	200	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 3

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	106,300	104,800	101,500	1,500	4,800
Goods-producing	10,050	9,300	9,650	750	400
Mining	3,650	3,650	3,600	0	50
Construction	4,300	3,650	4,100	650	200
Manufacturing	2,100	2,000	1,950	100	150
Service-producing	96,250	95,500	91,850	750	4,400
Transportation	10,050	9,900	9,300	150	750
Trucking & Warehousing	1,400	1,400	1,350	0	50
Water Transportation	250	200	250	50	0
Air Transportation	3,850	3,850	3,450	0	400
Communications	1,800	1,800	1,800	0	0
Trade	25,400	25,200	24,450	200	950
Wholesale Trade	6,100	5,950	5,750	150	350
Retail Trade	19,300	19,250	18,700	50	600
Gen. Merch. & Apparel	2,700	2,650	2,500	50	200
Food Stores	3,050	3,150	2,950	-100	100
Eating & Drinking Places	7,400	7,300	7,400	100	0
Finance-Ins. & Real Estate	6,850	6,900	6,800	-50	50
Services & Misc.	27,100	26,850	25,350	250	1,750
Hotels & Lodging Places	2,250	2,350	2,150	-100	100
Government	26,850	26,650	25,950	200	900
Federal	10,200	10,250	9,900	-50	300
State	7,900	7,800	7,500	100	400
Local	8,750	8,600	8,550	150	200

Fairbanks North Star Borough

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	26,400	25,700	25,500	700	900
Goods-producing	2,200	1,950	1,900	250	300
Mining	200	150	100	50	100
Construction	1,450	1,300	1,300	150	150
Manufacturing	550	500	500	50	50
Service-producing	24,200	23,750	23,600	450	600
Transportation	1,850	1,800	1,700	50	150
Trucking & Warehousing	450	450	400	0	50
Air Transportation	400	400	300	0	100
Communications	250	250	250	0	0
Trade	5,550	5,350	5,500	200	50
Wholesale Trade	650	700	650	-50	0
Retail Trade	4,900	4,650	4,850	250	50
Gen. Merch. & Apparel	500	500	650	0	-150
Food Stores	800	750	750	50	50
Eating & Drinking Places	1,850	1,650	1,800	200	50
Finance-Ins. & Real Estate	850	850	800	0	50
Services & Misc.	5,750	5,700	5,750	50	0
Government	10,200	10,050	9,850	150	350
Federal	3,150	3,100	3,000	50	150
State	4,300	4,300	4,200	0	100
Local	2,750	2,650	2,650	100	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	113,450	111,700	108,100	1,750	5,350
Goods-producing	10,400	9,550	10,050	850	350
Mining	3,700	3,650	3,750	50	-50
Construction	4,500	3,850	4,300	650	200
Manufacturing	2,200	2,050	2,000	150	200
Service-producing	103,050	102,150	98,050	900	5,000
Transportation	10,700	10,600	9,950	100	750
Trade	27,250	26,900	25,950	350	1,300
Finance-Ins. & Real Estate	7,350	7,350	7,200	0	150
Services & Misc.	28,350	28,100	26,500	250	1,850
Government	29,400	29,200	28,450	200	950
Federal	10,350	10,400	10,050	-50	300
State	8,700	8,600	8,350	100	350
Local	10,350	10,200	10,050	150	300

Interior Region

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	30,350	29,550	29,600	800	750
Goods-producing	2,350	2,150	2,200	200	150
Mining	300	250	300	50	0
Construction	1,500	1,400	1,350	100	150
Manufacturing	550	500	550	50	0
Service-producing	28,000	27,400	27,400	600	600
Transportation	2,050	2,000	1,900	50	150
Trade	5,950	5,700	5,900	250	50
Finance-Ins. & Real Estate	950	950	900	0	50
Services	6,250	6,100	6,350	150	-100
Government	12,800	12,650	12,350	150	450
Federal	3,750	3,700	3,600	50	150
State	4,600	4,600	4,550	0	50
Local	4,450	4,350	4,200	100	250

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 17)

Source: Alaska Department of Labor, Research & Analysis Section

Table 3 (cont. from page 16)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	32,450	30,800	31,300	1,650	1,150
Goods-producing	6,600	5,300	6,350	1,300	250
Mining	350	350	250	0	100
Construction	1,050	900	1,050	150	0
Manufacturing	5,200	4,050	5,050	1,150	150
Durable Goods	2,550	2,200	2,600	350	-50
Lumber & Wood Products	2,400	2,050	2,400	350	0
Nondurable Goods	2,650	1,850	2,450	800	200
Seafood Processing	1,550	800	1,350	750	200
Pulp Mills	900	900	900	0	0
Service-producing	25,850	25,500	24,950	350	900
Transportation	2,150	2,100	2,050	50	100
Trade	5,100	4,950	4,850	150	250
Wholesale Trade	650	650	500	0	150
Retail Trade	4,450	4,300	4,350	150	100
Finance-Ins. & Real Estate	1,050	1,050	1,050	0	0
Services & Misc.	5,050	5,050	4,900	0	150
Government	12,500	12,350	12,100	150	400
Federal	2,050	2,000	1,950	50	100
State	5,650	5,600	5,500	50	150
Local	4,800	4,750	4,650	50	150

Gulf Coast Region

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	21,400	20,100	22,450	1,300	-1,050
Goods-producing	5,150	4,600	4,950	550	200
Mining	850	850	800	0	50
Construction	1,050	950	950	100	100
Manufacturing	3,250	2,800	3,200	450	50
Seafood Processing	2,300	1,850	2,350	450	-50
Service-producing	16,250	15,500	17,500	750	-1,250
Transportation	1,600	1,550	3,300	50	-1,700
Trade	3,700	3,250	3,650	450	50
Wholesale Trade	500	450	500	50	0
Retail Trade	3,200	2,800	3,150	400	- 50
Finance-Ins. & Real Estate	550	550	550	0	0
Services & Misc.	4,000	3,850	4,000	150	0
Government	6,400	6,300	6,000	100	400
Federal	600	600	500	0	100
State	1,900	1,900	1,850	0	50
Local	3,900	3,800	3,650	100	250

Northern Region

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	14,350	14,350	13,150	0	1,200
Goods-producing	5,800	5,850	5,100	-50	700
Mining	5,200	5,300	4,600	-100	600
Service-producing	8,550	8,500	8,050	50	500
Government	4,650	4,600	4,500	50	150
Federal	300	250	300	50	0
State	350	350	350	0	0
Local	4,000	4,000	3,850	0	150

Southwest Region

	p/	r/		Changes from:	
	4/90	3/90	4/89	3/90	4/89
Total Nonag. Wage & Salary	15,100	15,100	14,600	0	500
Goods-producing	4,400	4,450	4,250	-50	150
Seafood Processing	4,000	4,150	3,950	-150	50
Service-producing	10,700	10,650	10,350	50	350
Government	6,450	6,500	6,350	-50	100
Federal	1,350	1,350	1,350	0	0
State	550	550	550	0	0
Local	4,550	4,600	4,450	-50	100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 4

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 4/90	r/ 3/90	4/89	p/ 4/90	r/ 3/90	4/89	p/ 4/90	r/ 3/90	4/89
Mining	$1,120.78	$1,162.50	$1,059.85	49.2	50.0	47.0	$22.78	$23.25	$22.55
Construction	1,153.49	1,139.93	1,075.48	49.4	48.2	46.0	23.35	23.65	23.38
Manufacturing	599.85	563.41	553.85	46.5	45.4	47.5	12.90	12.41	11.66
Seafood Processing	483.00	467.86	447.68	50.0	51.3	50.7	9.66	9.12	8.83
Trans., Comm. & Utilities	599.58	585.16	609.41	34.9	34.3	36.8	17.18	17.06	16.56
Trade	414.75	396.31	384.70	35.0	33.7	35.1	11.85	11.76	10.96
Wholesale	580.93	565.57	528.26	39.6	38.5	38.9	14.67	14.69	13.58
Retail	356.71	337.28	336.31	33.4	32.0	33.8	10.68	10.54	9.95
Finance-Ins. & R.E	420.75	415.71	414.78	37.4	35.5	37.2	11.25	11.71	11.15

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

growth in April. Seafood processors saw more product coming through their plants. Herring openings boosted employment in some areas, while other plants were just reopening their operations for the new season. In April seafood processing employment rose by over 1,200 workers.

In the timber industry, the gains were seen in logging employment, up nearly 25% for the month. The other sectors, pulp mills and sawmills, are not seasonal industries. Sawmills showed good employment growth for the year with the addition of the Seward sawmill.

For those industries at the mercy of tourists, April is a little too early in the year to see large employment gains. Growth should become evident in May and June, but for April most tourism-related employment was unchanged. Hotels and motels, eating and drinking establishments and tourism-related transportation services showed only small gains.

Employment in trade was mixed. Retail trade, a strong industry last year, continued to grow but at a slower pace. Its 3.7% over the year gain outpaced the overall employment growth of 3.3%. Wholesale trade, although smaller than retail, continues to grow rapidly. Most of the gains are in the sales of durable goods, largely attributable to renewed construction and mining activities.

The link between wholesale trade employment and the construction and mining industries is evident by their employment gains -- all have grown between 6.3% and 6.5% over the year. Construction gained nearly 1,000 jobs since March. Mining employment showed strong growth. The majority of new jobs are in the oil and gas sector, which makes up roughly 90% of the total mining employment. Still, hard rock mining continues to post gains, adding nearly 200 jobs since last April.

Statewide transportation, communications and utilities (TCU) employment fell sharply over the year because of the oil spill activities last year. The 1,500 oil spill workers missing from this April's TCU employment were, however, partially compensated for by other sectors. If the oil spill workers were removed from last year's figures, the industry would have shown a 5.6% employment gain instead of its 2.7% decline.

Air Transportation Boosting Anchorage Employment

The single biggest factor staving off larger employment losses in statewide TCU employment has been the addition of 400 jobs in Anchorage's air transportation industry. When these 400 jobs are combined with gains in other industries, total over the year employment in Anchorage increased by nearly 5,000 jobs. This translates into a 4.7% employment gain, the highest in the state in April. (See Table 3)

Anchorage's air transportation sector remains vigorous, and the expansion of UPS and the new Federal Express facilities should provide continued strength for the Anchorage air transportation industry. Additional help comes from Continental Airlines' announcement that it would begin service with two flights per day between Anchorage and Seattle. The company plans to hire 12 to 15 workers in Anchorage to service these flights.

Restaurant Closures Slow Trade Job Growth

Like the statewide trend, retail trade employment is beginning to slow in Anchorage. Trade is no longer the employment growth leader in Anchorage. One sector, eating and drinking establishments, declined compared to last April and barely advanced over the month. Part of this poor showing can be attributed to the closure of two chains in Anchorage. Both Shakey's Pizza parlors and Dunkin Donuts ceased operations in April. Shakey's alone employed about 40 people.

The municipality's construction industry looks healthier, with some gains in employment as well as increased building permit applications. The numbers of permits are not even close to past highs, but they are the highest since 1986.

Fairbanks Hopes to Win Its Share of Transportation Industry

In what has become a battle between two cities, Fairbanks is pushing hard to influence where the state's next parcel handling facility will be located. While UPS hopes to win the rights to fly between the U.S. and Japan via Anchorage, Fairbanks hopes that Emery Air Cargo will win the fight.

Fairbanks has already gained some air transportation employment, as Mark Air announced it would locate an aircraft maintenance facility there. Mark Air plans to hire 30 to 40 people, and transfer 10 to 20 from their Anchorage base. This is in addition to the 200 additional employees hired around the state because of Mark Air's expanded routes.

Construction is also recovering in Fairbanks, growing nearly three times as fast as the overall economy for the year. Over the year employment growth in Fairbanks was 2.9%, the second lowest rate (after the Gulf Coast region) in the state. For much of 1988 and part of 1989, Fairbanks was ahead of Anchorage in job growth. Now, however, the city lags behind as Anchorage continues its turnaround.

Gulf Coast Employment -- What Happened?

Under any other circumstances, the over the year decline in Gulf Coast's employment would be considered a disaster. There are more than 1,000 fewer jobs this April than last. Considering the TCU industry is down nearly 1,700 jobs, the remainder of the economy seems pretty healthy. In an interesting turn of events, many of the oil cleanup workers employed in April are showing up as local government employment. Until Exxon had crews in place, the state and localities had organized cleanup crews. Now that Exxon's cleanup is in progress, these crews have for the most part been dismantled.

Many other industries are showing some sluggishness because of the reduced spill activity. Trade and services both have weak over the year growth, but are beginning to show strength when compared to March levels. Like the rest of the state, Gulf Coast construction is showing a comeback, up over 10% compared to last year.

Southeast Continues Pattern of Moderate Growth

Of all the regions, Southeast seems to have the most consistency in employment gains for the year. Some smaller industries, such as mining, are showing larger percentage increases, but this was not unexpected. Most industries, however, are posting gains of between 2% and 4%, with overall employment gaining 3.7% over the year.

Construction employment, forecast to show strong growth for the year, has yet to show significant gains. Some projects have been delayed. One example is the Department of Environmental Conservation building, delayed because of financing problems. Others, such as the Juneau school, are being studied further and may be postponed. The industry is showing normal seasonal growth, but not of the magnitude expected for this year.

Manufacturing employment showed strong seasonal growth, up nearly 30% from March. Since 1989 was a good year for manufacturing in Southeast, there seemed to be little room for over the year employment gains in the industry. Even so, Southeast seafood processing was up by more than 200 workers.

April's Employment - Some Silver Linings?

Overall, April employment behaved as expected, but those expectations had to be tempered with an understanding of the state's recent economic history. Seasonal gains are showing up, predominantly in industries that have to scale back for winter. April is still a little too early for Alaska's tourists to affect employment. Those who follow over the year employment trends must keep in mind the inflated employment levels caused by the Exxon Valdez spill. When this factor is taken into account, April's employment estimates are not as disappointing as they might first appear.

Notes:

Alaska Department of Labor employment estimates are based on the payroll period that includes the 12th of the month. Therefore, while VECO and Norcon had more than 1,500 oil spill cleanup employees mobilized by the end of April, this figure reflects those employees who were on the payroll during the pay period which included the 12th.

About the author:

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Table 5

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 4/90	r/ 3/90	4/89	p/ 4/90	r/ 3/90	4/89	p/ 4/90	r/ 3/90	4/89	p/ 4/90	r/ 3/90	4/89
Alaska Statewide	251,598	252,084	248,075	19,875	19,923	17,511	7.9%	7.9%	7.1%	231,723	[illegible]	230,564
Anch.-MatSu Region	130,216	131,152	126,544	8,816	8,496	7,743	6.8	6.5	6.1	121,400	122,656	118,801
Municipality of Anchorage	113,328	115,713	112,094	6,619	6,436	5,935	5.8	5.6	5.3	106,709	109,277	106,159
MatSu Borough	16,888	15,439	14,450	2,197	2,060	1,808	13.0	13.3	12.5	14,691	13,379	12,642
Gulf Coast Region	28,401	27,734	29,143	3,456	3,559	2,362	12.2	12.8	8.1	24,945	24,175	26,781
Kenai Peninsula Borough	17,677	17,271	18,230	2,393	2,458	1,821	13.5	14.2	10.0	15,284	14,813	16,409
Kodiak Island Borough	6,131	5,988	6,530	307	344	277	5.0	5.7	4.2	5,824	5,644	6,253
Valdez-Cordova	4,593	4,475	4,383	756	757	264	16.5	16.9	6.0	3,837	3,718	4,119
Interior Region	35,555	35,758	35,662	3,672	3,696	3,621	10.3	10.3	10.2	31,883	32,062	32,041
Fairbanks North Star Bor.	30,498	30,665	30,641	2,853	2,865	2,859	9.4	9.3	9.3	27,645	27,800	27,782
Southeast Fairbanks	2,108	2,123	2,052	341	346	277	16.2	16.3	13.5	1,767	1,777	1,775
Yukon-Koyukuk	2,949	2,970	2,969	478	485	485	16.2	16.3	16.3	2,471	2,485	2,484
Northern Region	8,565	8,669	8,095	806	695	657	9.4	8.0	8.1	7,759	7,974	7,438
Nome	3,184	3,213	3,031	346	296	310	10.9	9.2	10.2	2,838	2,917	2,721
North Slope Borough	3,046	3,123	2,933	111	107	120	3.6	3.4	4.1	2,935	3,016	2,813
Northwest Arctic Borough	2,335	2,333	2,131	349	292	227	14.9	12.5	10.7	1,986	2,041	1,904
Southeast Region	35,514	35,141	35,277	2,392	2,802	2,416	6.7	8.0	6.8	33,122	32,339	32,861
Haines Borough	844	854	877	56	85	96	6.6	10.0	10.9	788	769	781
Juneau Borough	15,719	15,401	15,550	741	776	689	4.7	5.0	4.4	14,978	14,625	14,861
Ketchikan Gateway Bor.	6,714	6,642	6,573	576	649	483	8.6	9.8	7.3	6,138	5,993	6,090
Pr. of Wales-Outer Ketch.	2,778	2,736	2,743	335	351	320	12.1	12.8	11.7	2,443	2,385	2,423
Sitka Borough	4,051	4,053	4,007	149	244	136	3.7	6.0	3.4	3,902	3,809	3,871
Skagway-Yakutat-Angoon	1,799	1,803	1,736	274	314	223	15.2	17.4	12.8	1,525	1,489	1,513
Wrangell-Petersburg	3,609	3,652	3,791	261	383	469	7.2	10.5	12.4	3,348	3,269	3,322
Southwest Region	13,347	13,630	13,354	733	675	712	5.5	5.0	5.3	12,614	12,955	12,642
Aleutians East Borough	932	960	931	9	12	6	1.0	1.3	0.6	923	948	925
Aleutians West	2,624	2,693	2,626	37	36	33	1.4	1.3	1.3	2,587	2,657	2,593
Bethel	5,098	5,180	5,125	317	270	333	6.2	5.2	6.5	4,781	4,910	4,792
Bristol Bay Borough	516	532	517	28	31	28	5.4	5.8	5.4	488	501	489
Dillingham	2,455	2,494	2,427	171	148	138	7.0	5.9	5.7	2,284	2,346	2,289
Wade Hampton	1,722	1,771	1,728	171	178	174	9.9	10.1	10.1	1,551	1,593	1,554

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

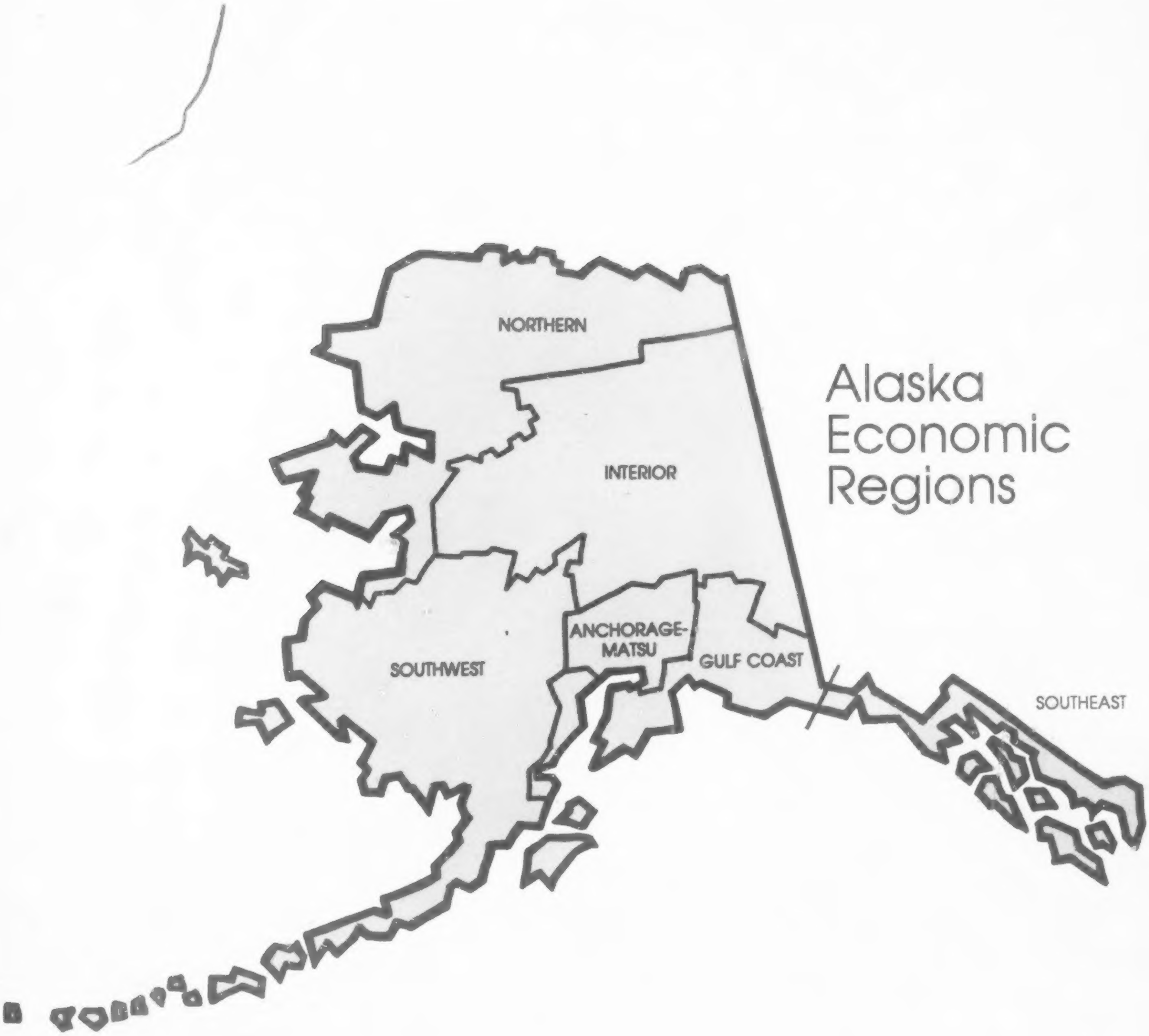
- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.

- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.

- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.



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JOB SERVICE

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Alaska Economic Trends:
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Cover design by Jim Fowler

The Trends 100 — Alaska's Largest Private Employers in 1989

By Neal Fried and Holly Stinson

Trends 50 Doubles to Trends 100

The size of our list of Alaska's largest employers doubled this year. Alaska's Trends 50, published during the past three years, is expanded this year to include Alaska's 100 largest private sector employers. This expanded list increases the diversity of firms listed, introduces more dynamics in the changes in rankings, and provides more information on Alaska's largest employers. (See Table 1.)

Large Employers Come In All Sizes, From All Places, And From All Industries

The state's largest employers have always been a diverse group and doubling the list has made it that much more eclectic. Represented are such locally-owned companies as Carr-Gottstein Inc. with 2,586 employees and such far-flung multinational corporations as British Petroleum Exploration with 1,492 workers. Employment levels of Alaska's Trends 100 vary from the number one employer, ARCO Alaska Inc. with 2,855 employees, to Central Peninsula General Hospital with 203 employees. These employers are in all areas of the state, in both small and large communities. Every major industry category is represented this year.

Employment with Trends 100 Firms Grew Faster than Total Private Sector

Alaska's Trends 100 private employers represent only 1% of the employers in the state; however, they account for 30% of all private sector wage and salary employment. Not only do Alaska's largest firms employ a disproportionate number of Alaska's work force, but their employment has grown more vigorously than overall private sector employment. The Trends 100's employment grew by nearly 10% in 1989 compared to a 7.6% growth in the overall private sector economy. Obviously, Alaska's largest employers are recovering from the recent recession very nicely.

DEFINITIONS AND EXPLANATIONS

Employment data were obtained from the unemployment insurance reports which every employer in the state with one or more employees must file. Employment figures reported are the total number of people working during the payroll period which includes the 12th of each month regardless of how many hours they worked.

Total employment of a parent company will not be captured, and therefore not appear in the Top 100, if subsidiaries file unemployment insurance reports under separate account numbers.

Major Business Activity is determined by the principal products or services rendered by a business establishment, as reported by the establishment to the Department of Labor.

Annual average employment is calculated by summing the 12 monthly figures reported to the Alaska Dept. of Labor and dividing the total by 12.

Confidentiality laws protect employment information. Therefore it was necessary to receive permission from each employer to release their employment information. This year, two employers refused to grant permission. The actual Top 100 would have included one employer from the construction industry and one services firm.

Table 1

Alaska's Top 100 Employers

(Based on 1989 average employment)

1989 Rank	1988 Rank	Firm and Headquarters or Largest Site (Business Activity)	1989 Average Employment
1	1	ARCO Alaska Inc., Anchorage *Oil & Gas Production*	2,855
2	5	VECO Inc., Anchorage *Oil Field Services*	2,659
3	2	Carr Gottstein Inc., Anchorage *Retail-grocery*	2,586
4	3	Providence Hospital, Anchorage *Hospital*	1,668
5	4	BP Exploration (Alaska) Inc., Anchorage *Anchorage-Oil & Gas Production*	1,492
6	7	National Bank of Alaska, Anchorage *Banking*	1,075
7	10	Ketchikan Pulp Company, Ketchikan *Pulp & Lumber Products*	903
8	6	Safeway Stores Inc., Anchorage *Retail-grocery*	901
9	9	Alyeska Pipeline Service Co., Anchorage *Pipeline*	881
10	12	Alaska Airlines Inc., Anchorage *Air Carrier*	878
11	13	Trident Seafoods Corporation, Akutan *Seafood Processing*	872
12	14	MarkAir, Anchorage *Air Carrier*	806
13	16	Icicle Seafoods Inc., Petersburg *Seafood Processing*	782
14	11	Alascom Inc., Anchorage *Communications*	773
15	17	First National Bank of Anchorage, Anchorage *Banking*	698
16	15	Westmark Hotels Inc., Anchorage *Hotel*	671
17	-	Western Health Network Inc., Fairbanks 1/ *Hospital*	648
18	19	Fred Meyer Shopping Centers, Anchorage *Retail-general merchandise*	637
19	18	Humana Hospital Alaska Inc., Anchorage *Hospital*	625
20	-	Pay'n Save Drug Stores, Anchorage *Retail-general merchandise*	607
21	-	Norcon Inc., Anchorage *Construction*	585
22	21	Sears Roebuck & Co., Anchorage *Retail-general merchandise*	528
23	20	Alaska USA Federal Credit Union, Anchorage *Credit Union*	527
24	22	Nordstrom Inc., Anchorage *Retail-general merchandise*	490
25	57	Unisea Inc., Unalaska *Seafood Processing*	487
26	24	Union Oil Co. of California, Anchorage *Oil & Gas Production*	467
27	32	ERA Aviation Inc., Anchorage *Air Carrier*	465
28	27	Alaska Pulp Corp., Sitka *Pulp & Lumber Products*	463
29	26	JC Penney Co., Anchorage *Retail-general merchandise*	442
30	31	Alaska Commercial Co., Anchorage *Retail-general merchandise*	437
31	42	Anchorage Times Publishing Co., Anchorage *Newspaper*	435
32	-	Kinn Enterprises/McDonalds, Anchorage *Retail-eating establishments*	420
33	48	Alaska Petroleum Contractors Inc., Anchorage *Oil Field Services*	407
33	33	Captain Cook Hotel, Anchorage *Hotel*	403
35	-	Peter Pan Seafoods Inc., King Cove *Seafood Processing*	403
36	28	Tanana Chiefs Conference Inc., Fairbanks *Social Services*	402
37	46	Key Bank of Alaska, Anchorage *Banking*	395
38	34	Anchorage Daily News, Anchorage *Newspaper*	393

Table 1 (cont from page 2)

Alaska's Top 100 Employers

(Based on 1989 average employment)

1989 Rank	1988 Rank	Firm and Headquarters or Largest Site (Business Activity)	1989 Average Employment
38	35	Burger King, Anchorage *Retail-eating establishments*	393
38	36	Lamonts Inc., Anchorage *Retail-apparel*	393
41	30	Klukwan Forest Products Inc., Juneau *Logging*	383
42	-	HC Price Co., Anchorage *Construction*	364
43	37	Felec Services Inc., Fairbanks *Radar Station Operator*	362
44	40	Dynair Services Inc., Anchorage *Transportation*	361
45	58	Laidlaw Transit Inc., Anchorage *Transportation*	359
46	49	Anchorage Hilton Corp., Anchorage *Hotel*	348
47	38	Yukon Kuskokwim Health Corp., Bethel *Health Care*	347
48	65	Northstore Ventures/7-11, Anchorage *Retail-grocery*	346
49	29	Salvation Army Alaska Division, Anchorage *Social Services*	345
50	46	Chugach Electric Association Inc., Anchorage *Electric Utility*	344
51	44	Wards Cove Packing Co. Inc., Naknek *Seafood Processing*	335
52	52	Spenard Builders Supply, Anchorage *Trade-Lumber Products*	330
53	39	Sea-Land Freight Service, Anchorage *Shipping & Warehousing*	327
54	50	Our Lady of Compassion Care Center, Anchorage *Health Care*	315
55	54	Reeve Aleutian Airways Inc., Anchorage *Air Carrier*	307
56	70	All Alaskan Seafoods Inc., Kodiak *Seafood Processing*	303
57	41	North Pacific Processors Inc., Cordova *Seafood Processing*	295
58	80	Alyeska Seafoods Inc., Unalaska *Seafood Processing*	292
58	79	NANA/Marriott Joint Venture, Anchorage *Food Services/Catering*	292
60	59	Alaska Sales & Service Inc., Anchorage *Motor Vehicle Dealer*	290
61	68	Pizza Hut, Anchorage *Retail-eating establishments*	289
61	-	Sheraton Anchorage Hotel, Anchorage *Hotel*	289
63	62	Delta Air Lines Inc., Anchorage *Air Carrier*	270
64	55	Anchorage Cold Storage Co., Anchorage *Wholesale-grocery*	269
64	53	ARA Services Inc., Fairbanks *Retail-caterer*	269
66	61	Mayflower Contract Services Inc., Anchorage *Transportation*	264
67	-	Inlet Fisheries Inc., Kenai *Seafood Processing*	262
68	78	Maniilaq Association Inc., Kotzebue *Social Services*	259
69	60	Market Basket Inc., Fairbanks 2/ *Retail-gocery*	253
70	81	Norton Sound Health Corp., Kotzebue *Health Care*	249
71	64	Duty Free Shoppers Limited Partnership, Anch. *Retail-general merchandise*	248
72	74	Green Alaska Inc., Anchorage 3/ *Construction*	246
73	67	Matanuska Telephone Association Inc., Palmer *Communications*	242
73	72	Southeast Alaska Regional Health Corp., Juneau *Health Care*	242
75	-	Western Atlas International Inc., Anchorage *Oil & Gas Exploration*	240
76	71	International In-Flight Catering Co., Anchorage *Retail-eating establishments*	236

Table 1 *(cont from page 3)*

Alaska's Top 100 Employers

(Based on 1989 average employment)

1989 Rank	1988 Rank	Firm and Headquarters or Largest Site (Business Activity)	1989 Average Employment
77	76	Ketchikan General Hospital, Ketchikan *Hospital*	234
78	84	Hope Cottages Inc., Anchorage *Residential Care*	233
79	-	O. Kraft & Son Inc., Kodiak *Retail-grocery*	232
79	91	Valley Hospital, Palmer *Hospital*	232
81	95	Costco Wholesale Corp., Anchorage *Wholesale-general merchandise*	227
82	63	Pacific Rim Restaurants Inc., Anchorage *Retail-eating establishments*	223
83	-	Greens Creek Mining Co., Juneau *Mining*	222
84	73	Golden Frontier Enterprises/McDonalds, Fairbanks *Retail-eating establishments*	219
85	-	Purcell Services Ltd., Anchorage *Security*	218
86	92	Alaska Pacific University, Anchorage *College*	216
87	98	Northern Air Cargo Inc., Anchorage *Air Cargo*	215
88	-	Denali Foods Inc./ Taco Bell, Anchorage *Retail-eating establishments*	213
89	66	Marriott Corp., Anchorage *Retail-caterer*	212
90	-	Price Savers Membership Warehouse, Anchorage *Wholesale-general merchandise*	211
91	83	Enstar Natural Gas Co., Anchorage *Natural gas distribution*	209
91	90	Peak Oilfield Service Co., Prudhoe Bay *Oil Field Services*	209
91	82	Telephone Utilities of the Northland, Anchorage *Communications*	209
94	89	Queen Fisheries Inc., Kodiak *Seafood Processing*	207
95	93	Temsco Helicopters Inc., Ketchikan *Air Carrier*	206
96	-	Charter North Hospital Inc., Anchorage *Hospital*	205
96	7	Lutheran Hospital & Homes Society, Fairbanks [1] *Health Care*	205
98	-	Central Peninsula General Hospital, Soldotna *Hospital*	203
98	77	Kinney Shoe Corp., Anchorage *Retail-footwear*	203
98	-	Whitestone Logging, Inc., Hoonah *Logging*	203

[1] in 1988, Lutheran Hospital and Homes Society and Western Health reported employment under one unemployment insurance account.

[2] Now SuperValu.

[3] Formerly Green Construction Co.

We would like to thank the 100 employers in this article for their cooperation, without which this article would not have been possible.

Most Are Headquartered In Anchorage...But Employment Is Statewide

Sixty-seven of Alaska's 100 largest employers have their headquarters or largest work sites in Anchorage. All of the construction, oil and financial institutions found on the Trends 100 list are headquartered in Anchorage.

Although a majority of the firms are located in Anchorage, this only tells part of the geographic story. The other 33 have their headquarters or largest work sites elsewhere in the state. Seven are located in Fairbanks and nine are found in Southeast. Nearly all of the Trends 100 employers in the manufacturing sector are in Southeast or elsewhere along the coast because of fishing and timber activities.

While it's significant that a majority of the firms are located in Anchorage, more important is the fact that they employ workers elsewhere in the state. For example, nearly half of ARCO's employment is on the North Slope. National Bank of Alaska has offices in 30 Alaskan communities. All of the construction companies have staff in

Anchorage but most of their jobs are at construction sites scattered throughout the state. Less than 20 employers in the Trends 100 have employees exclusively in Anchorage—for the rest a substantial number of their workers are employed elsewhere in the state.

Payroll of Trends 100 is $1.7 Billion

Total payroll paid out by Alaska's largest employers grew from $1.3 billion in 1988 to $1.7 billion in 1989—another indicator of a strong recovery. Not only do the Trends 100 employ a disproportionate share of the state's work force, but they also pay an even larger share of the state's private sector payroll — 39%, to be exact. The average monthly wage paid by these employers also grew from $2,619 in 1988 to $2,996 in 1989. Oil spill wages helped bolster both the average and total payroll. Both of the primary oil spill contractors, VECO and Norcon, made the list in 1989.

Most Firms are in Mining, Services and Trade

The three industries with the largest share of the Trends 100 employment pie are mining (18%), services (19%), and trade (25%). (See Figure 1.) The manufacturing and transportation, communications and utilities industries each account for 15% of Trends 100 employment. The finance-insurance and real estate sector has 6% (down from 9% in 1988) and the construction industry has 2% of Trends 100 employment.

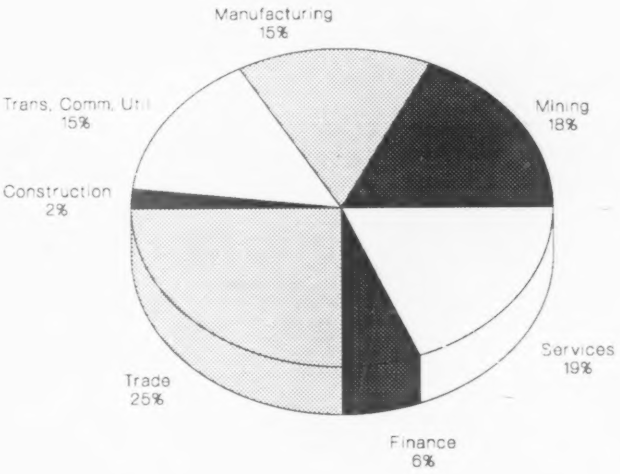
By separating 1989's Trends 100 employers into industry groups, a trend on firm size becomes evident. The mining industry (particularly oil and gas mining) tends to be dominated by a few large companies because of the nature of the business.

Over 80% of Mining Jobs are with Trends 100 Firms

The mining industry as a whole has over 80% of its employment concentrated in the Trends 100 firms. (See Figure 2). The oil and gas portion of the mining industry is higher still—

Figure 1

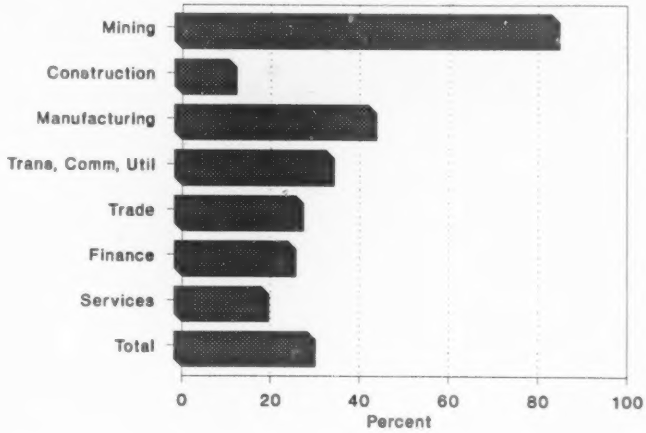
Top 100 Employment by Industry — 1989



Source: Alaska Department of Labor, Research and Analysis Section

Figure 2

Top 100 Share of 1989 Private Sector Employment



Source: Alaska Department of Labor, Research and Analysis Section

Figure 3

TOP 100 EMPLOYERS BY INDUSTRY

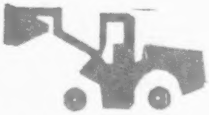
Listed by Employment

MINING

ARCO Alaska Inc.
VECO Inc.
BP Exploration (Alaska) Inc.
Union Oil Co. of California
Alaska Petroleum Contractors Inc.
Western Atlas International Inc.
Greens Creek Mining Co.
Peak Oilfield Service Co.

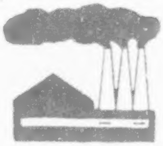
CONSTRUCTION

Norcon Inc.
HC Price Co.
Green Alaska Inc.



MANUFACTURING

Ketchikan Pulp Company
Trident Seafoods Corporation
Icicle Seafoods Inc.
Unisea Inc.
Alaska Pulp Corp.
Anchorage Times Publishing Co.
Peter Pan Seafoods Inc.
Anchorage Daily News
Klukwan Forest Products Inc.
Wards Cove Packing Co. Inc.
All Alaskan Seafoods Inc.
North Pacific Processors Inc.
Alyeska Seafoods Inc.
Inlet Fisheries Inc.
Queen Fisheries Inc.
Whitestone Logging

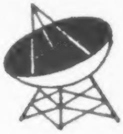


FINANCE, INSURANCE & REAL ESTATE

National Bank of Alaska
First National Bank of Anchorage
Alaska USA Federal Credit Union
Key Bank of Alaska

TRANSPORTATION, COMMUNICATION & UTILITIES

Alyeska Pipeline Service Co.
Alaska Airlines Inc.
MarkAir
Alascom Inc.
ERA Aviation Inc.
Dynair Services Inc.
Laidlaw Transit Inc.
Chugach Electric Association Inc.
Sea-Land Freight Service
Reeve Aleutian Airways Inc.
Delta Air Lines Inc.
Mayflower Contract Services Inc.
Matanuska Telephone Association Inc.
Northern Air Cargo Inc.
Enstar Natural Gas Co.
Telephone Utilities of the Northland
Temsco Helicopters Inc.



92% of employment is with firms ranked in the Trends 100. No other industry approaches this degree of dominance in the Trends 100. The next closest industry is manufacturing, where over 40% of the jobs are with firms included in the Trends 100.

Both of the large operators on the North Slope — ARCO and BP — are among the five largest employers again this year. ARCO Alaska Inc. has been at the top of the *Alaska Economic Trends* list for the four years it has been published. Union Oil, operating on the Kenai Peninsula, is also included in the list for the fourth year in a row.

Hard Rock Mining is a Newcomer to Trends 100

A newcomer in the mining industry is the Greens Creek Mining Co. This year is the first time a mining company not associated with the oil and gas industry has made the list of large employers. This sector of the mining industry may well be represented by an additional firm in next year's Trends 100 when a full year's employment at Cominco's Red Dog mine is considered.

Oil Spill Cleanup Affected Trends 100

Four oil field service companies are also in the Trends 100. It is not surprising that one of them, VECO, Inc., jumped into the number two spot. As contractor for the cleanup of the Exxon Valdez oil spill, they

TRADE

- Carr Gottstein Inc.
- Safeway Stores Inc.
- Fred Meyer Shopping Centers
- Pay'n Save Drug Stores
- Sears Roebuck & Co.
- Nordstrom Inc.
- JC Penney Co.
- Alaska Commercial Co.
- Kinn Enterprises/McDonalds
- Burger King
- Lamonts Inc.
- Northstore Ventures/7-11
- Spenard Builders Supply
- Alaska Sales & Service Inc.
- Pizza Hut
- ARA Services Inc.
- Anchorage Cold Storage Co.
- Market Basket Inc.
- Duty Free Shoppers Limited Partnership
- International In-Flight Catering Co.
- O. Kraft & Son Inc.
- Costco Wholesale Corp.
- Pacific Rim Restaurants Inc.
- Golden Frontier Enterprises/ McDonalds of Fairbanks
- Denali Foods Inc./Taco Bell
- Marriott Corp.
- Price Savers Membership Warehouse
- Kinney Shoe Corp.

SERVICES

- Providence Hospital
- Westmark Hotels Inc.
- Western Health Network Inc. (Fbks Mem. Hosp.)
- Humana Hospital Alaska Inc.
- Captain Cook Hotel
- Tanana Chiefs Conference Inc.
- Felec Services Inc.
- Anchorage Westward Hilton Corp.
- Yukon Kuskokwim Health Corp.
- Salvation Army Alaska Division
- Our Lady of Compassion Care Center
- NANA/Marriott Joint Venture
- Sheraton Anchorage Hotel
- Maniilaq Association Inc.
- Norton Sound Health Corp.
- Southeast Alaska Regional Health Corp.
- Ketchikan General Hospital
- Hope Cottages Inc.
- Valley Hospital
- Purcell Services Ltd.
- Alaska Pacific University
- Lutheran Hospital & Homes Society
- Charter North Hospital Inc.
- Central Peninsula General Hospital

Source: Alaska Department of Labor, Research and Analysis Section

employed over 3,000 people on the spill alone during the peak months of July and August.

Many other firms in the Trends 100 can attribute some of their increased employment in 1989 either directly or indirectly to the spill cleanup. Air and water carriers, hotels, restaurants and other retail trade firms, are among those impacted by the cleanup efforts. A look at the transportation, communication and utilities (TCU) category points out this probability.

The majority of the firms (12) in TCU are in the transportation business (See Figure 3.); all six of the air carriers represented here had increased employment in 1989. Hauling people and equipment associated with such an enormous project as the oil cleanup effort surely contributed some of the additional jobs in this group.

Construction Industry is Looking Up

The construction industry, absent from last year's Trends 50 list, now has three firms in the Trends 100. Even without expanding the list to 100 employers, H.C. Price, ranked at #42, would have made a Trends 50 list for 1989 employment. As mentioned earlier, the increase in construction jobs is indicative of a healthier economy.

Seafood Processors Increased Their Share of Manufacturing Jobs

In 1988's Trends 50, the manufacturing firms consisted of two Anchorage newspapers, four companies in the lumber products sector, and five seafood processors. Expanding the list to the Trends 100 added five manufacturing companies — all of them seafood processors. Seafood processors now account for 60% of the manufacturing employment included in the Trends 100. The year-round processing of bottomfish is increasing the annual average employment of many seafood processing firms.

Finance-Insurance & Real Estate Gain Jobs, But Not Firms, In Trends 100

Expanding the list of large employers to 100 didn't bring in any additional employers in finance-insurance and real estate (FIRE). Total employment for the Trends 100 firms in this group increased in 1989. However, it was not enough to offset the gains in other industries; FIRE's share of Trends 100 employment fell 3%. The increased employment, though, is a positive sign in an industry recovering from a financial and real estate recession.

Trade Adds The Most Firms to Trends 100

Trade gained more firms than any other industry when the largest employer list was expanded to 100. Eighteen additional retail and wholesale companies joined last year's same ten; now one of every four Trends 100 employers is in this group. The Trends 100 list includes grocery, clothing and general merchandise stores, eating establishments and catering companies.

Several Large Services Employers in Trends 100

The large service providers included in the Trends 100 are mainly health care providers, large hotels, and social service agencies.

More than 1/3 of the companies doing business in Alaska are in the services industry. They include firms providing business, personal, professional, repair and amusement services and educational institutions. However, only 1.2% of these companies employ more than 100 people. It is an industry characterized by small operations — more than half of the firms have fewer than 4 employees.

Summary — Alaska's Trends 100 Employers Had A Good Year In 1989

With the expansion of our list of the state's largest employers came a more diverse group of employers — size-wise, geographically and in industrial composition. Although a majority of the Trends 100 companies have their headquarters or largest site in Anchorage, most of them employ workers elsewhere in the state. Further, 1/3 of the firms are located outside of Anchorage.

All of the major industrial categories were present in Alaska's Trends 100 in 1989. In 1988's Trends 50, construction was absent, but by 1989 a construction firm showed up in 42nd place. Another new addition in 1989 was from the hard rock mining industry (Greens Creek), and others will probably follow in future years. The size of Alaska's Trends 100 firms varies from 2,855 to 203 employees. Only six firms have more than 1,000 employees; the average size is 481.

Alaska's Trends 100 businesses represent only a fraction of the employers in the state, but they employ nearly a third of the state's work force. Oil and gas companies in the Trends 100 employ more than 90% of this industry's total work force in the state. In contrast, only 2% of the construction jobs are with firms in the Trends 100. This is because the oil and gas industry is dominated by large firms; in construction, small contractors are predominant and work is more seasonal.

Alaska's Trends 100 firms saw robust employment growth in 1989. Employment with these firms grew much faster than did employment with all private employers, as did payroll and average monthly earnings. Some of this increase came as a result of oil spill activity, but a healthier economy was chiefly responsible for the dramatic improvement in the standing of Alaska's largest employers.

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Employment Growth Rate Decelerates, But Remains Healthy

By Neal Fried

Alaska's economy in May continued to record healthy over the year growth in nearly all industries and areas of the state. The only damper on May's employment is explained by the fact that the present oil cleanup effort is dwarfed by 1989's. Only the transportation industry (where most of the oil spill employment was counted) and the Gulf Coast region (where most of the activity took place) failed to record over the year growth in May. (See Tables 2 and 3.) In spite of the much smaller cleanup effort this year, more jobs in most of Alaska's industries insured overall employment growth again in May — albeit slower than last year's. (See Figure 1.)

Table 1

Top Five Statewide Unemployment Rates May 1990

Rank	State	Rate
1	West Virginia	7.4%
2	Alaska	7.3%
3	Michigan	7.1%
3	Arkansas	7.1%
5	Rhode Island	6.9%

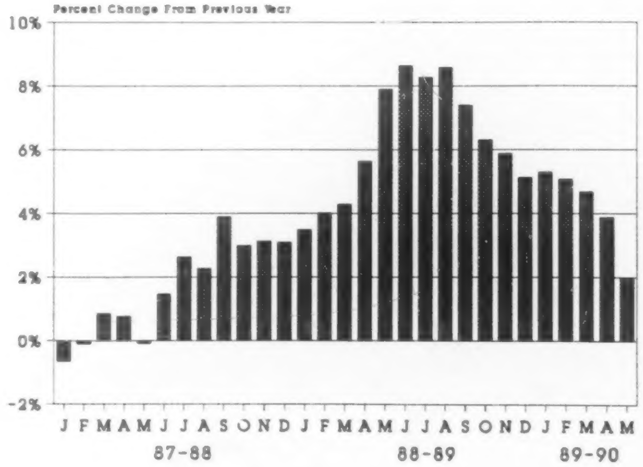
Source: Bureau of Labor Statistics & West Virginia Department of Employment Security

Other Economic Indicators Also Continue To Register Growth

Not only are employment figures demonstrating a strong Alaska economy but so are a majority of Alaska's other economic indicators. On the business side, bankruptcies through April of 1990 were down by 25% statewide. Real estate indicators around the state also continued to improve. Mortgage lending statewide was up 40% for the first five months of 1990. Office and apartment vacancies were down in Anchorage and Fairbanks. Even the condo market has heated up considerably. The value of construction awards statewide was up by 2.1% through April. In a similar vein, bank deposits statewide climbed 17% for the first quarter of this year. The inventory of other real estate owned by Alaska's banks declined by 80%. (Referred to in the industry as 'OREOs', these are basically real estate loans gone bad.) Given these statistics, it is not surprising that optimism prevails in Alaska's present business community.

Figure 1

Alaska Employment Change By Month, 1988-1990



Source: Alaska Department of Labor, Research and Analysis Section

One Indicator — The Unemployment Rate — Worsens

For the second month in a row Alaska's unemployment rate rose above that of the same month last year — 7.3% this May versus 6.2% in May 1989. (See Figure 2 and Table 5.) If these were national statistics, the increase in the unemployment rate might be considered an omen of an oncoming recession. But in Alaska this is not the case. Instead, there are two primary explanations for the rising unemployment rate. Yes, the oil spill is certainly one. A large number of ex-oil spill workers are still filing against their oil spill earnings. The number of unemployment claimants this May who had previously worked in the transportation industry (where oil spill workers were counted) was almost triple last May's — 1,412 claims compared to 573 claims.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 5/90	r/ 4/90	5/89	Changes from: 4/90	 5/89
Total Nonag. Wage & Salary	233,900	227,400	229,300	6,500	4,600
Goods-producing	38,100	34,700	36,300	3,400	1,800
Mining	10,600	10,300	9,900	300	700
Construction	10,800	9,000	10,000	1,800	800
Manufacturing	16,700	15,400	16,400	1,300	300
Durable Goods	4,100	3,600	4,200	500	-100
Lumber & Wood Products	3,200	2,800	3,300	400	-100
Nondurable Goods	12,600	11,800	12,200	800	400
Seafood Processing	8,800	8,100	8,500	700	300
Pulp Mills	900	900	1,000	0	-100
Service-producing	195,800	192,700	193,000	3,100	2,800
Transportation	19,500	18,500	22,200	1,000	-2,700
Trucking & Warehousing	2,400	2,300	2,400	100	0
Water Transportation	1,300	1,100	1,400	200	-100
Air Transportation	6,500	6,200	6,000	300	500
Communications	3,200	3,100	3,200	100	0
Trade	45,600	43,900	44,500	1,700	1,100
Wholesale Trade	8,300	8,100	8,000	200	300
Retail Trade	37,300	35,800	36,500	1,500	800
Gen. Merch. & Apparel	5,400	5,200	5,300	200	100
Food Stores	6,800	6,600	6,400	200	400
Eating & Drinking Places	13,300	12,600	13,200	700	100
Finance-Ins. & Real Estate	10,600	10,500	10,300	100	300
Services & Misc.	48,400	47,100	47,100	1,300	1,300
Hotels & Lodging Places	5,100	4,700	4,900	400	200
Government	71,700	72,700	68,900	-1,000	2,800
Federal	19,200	19,000	18,100	200	1,100
State	20,700	21,900	19,900	-1,200	800
Local	31,800	31,800	30,900	0	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Another possible contributor to the rising unemployment rate is that more individuals last year were able to find employment in Alaska's seasonal industries—including fish processing, timber, tourism and construction. Many of these workers may have been new entrants or reentrants to the labor market. Prior to their employment, these individuals were not considered part of the labor force. When they lost their jobs many remained in the labor force and moved from the employed to the unemployed side.

Something else that is contributing to the rise in unemployment is the fact that more jobs seekers are coming to Alaska this year. An indication of this trend is that net inmigration on the Alaska Highway continued to climb, up 41% for the first four months of the year compared to 1989. Additionally, claimants filing in Alaska for unemployment insurance for jobs held in other states increased by 35%. It is for these reasons Alaska's higher unemployment rate should not be interpreted as a harbinger of something worse to come. Instead, it exhibits some of the unique characteristics of Alaska's economy — very seasonal, very vulnerable to such single events as an oil spill, and very sensitive to the national employment picture.

Declining Oil Prices May Crimp The Economy....

What might be considered a leading Alaska economic indicator that could portend bad news for Alaska's economy is oil prices. The news on the oil price front for the past two months has been fairly dismal. Oil prices fell to $14.83 in May, and by most accounts are expected to continue to slide. (See Figure 3.) Although no immediate impact on the economy is likely, the present price levels will not support the recently-passed state budget which is based on $19/barrel oil. Oil industry investments could also be affected if low prices prevail. A worst case scenario would be a repeat of the oil price plunge of 1986. This certainly would have the effect of derailing Alaska's present economic recovery.

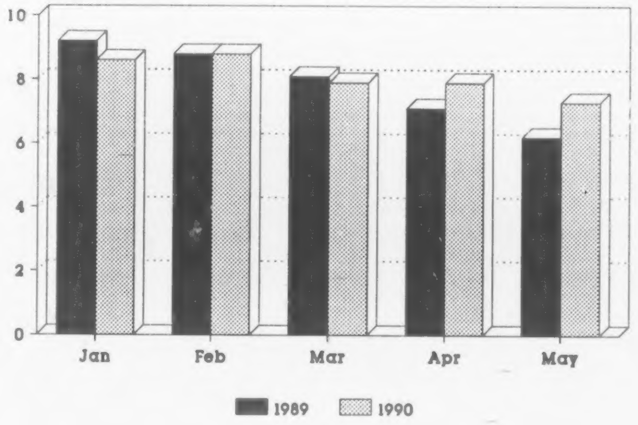
...But Oil Industry Employment Is Close To Record Levels

In spite of the recent oil price declines, employment in the industry in May was the second highest on record. It was only surpassed in February of 1986, shortly before the 1986 oil price crash. A tremendous amount of investment activity on the North Slope appears to be fueling this growth, including construction of the massive gas handling facility (GHX-1), along with a host of other maintenance activities. Almost all of the employment growth has taken place in oil field services and not with the producers.

Other positive news in the oil patch was BP's announced plans to revive their Hurl State project in Prudhoe Bay. This $80 million project was only 10% complete when work was suspended on it last year. It is projected to produce 15,000 barrels of oil a day by 1992. Also, ARCO announced they will drill an exploratory well in Cook Inlet this summer — the first well drilled in Cook Inlet in six years.

Figure 2

Over the Year Unemployment Rates Creep Upward



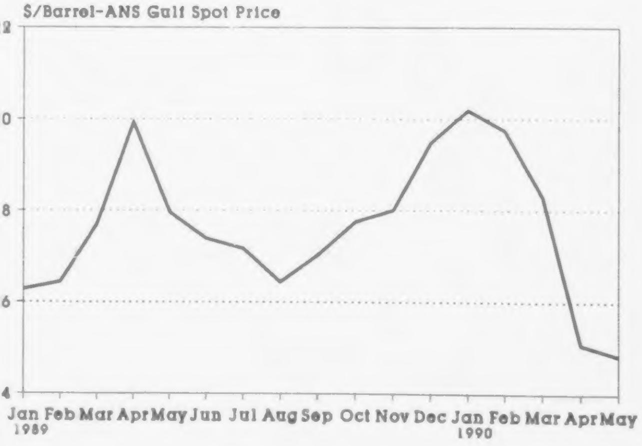
Source: Alaska Department of Labor, Research and Analysis Section

Tourism Thriving; New Hotels Sprout

Hotel rooms began to fill up in May and most tour operators throughout the state are reporting strong bookings for the entire season. Highway traffic counts were up in May as well as most airport statistics. Even Prince William Sound operators are forecasting a better than average season. Although difficult to measure, some officials believe tourism could grow another 5% this year.

Figure 3

Falling Oil Prices



Source: Alaska Department of Labor, Research and Analysis Section

Another sign of a healthy industry is the number of new hotels opening or in the planning stages throughout the state. The new 77-room Westmark Cape Fox Lodge in Ketchikan will open in September, and two hotels in Seward are in the process of expansion. Princess Tours will begin building a $10 million, 200-room hotel in Fairbanks this summer.

In Anchorage the 32-room Chelsea Inn and the 100-room Executive Suites Hotel recently opened. The former Inlet Towers of Anchorage just completed a $3 million renovation and is now affiliated with the national Quality Inn

Table 3

Nonagricultural Wage and Salary Employment
By Place of Work

Municipality of Anchorage

	p/ 5/90	r/ 4/90	5/89	Changes from: 4/90	 5/89
Total Nonag. Wage & Salary	108,800	106,750	104,200	2,050	4,600
Goods-producing	11,650	10,000	10,600	1,650	1,050
Mining	3,750	3,650	3,500	100	250
Construction	5,600	4,250	5,000	1,350	600
Manufacturing	2,300	2,100	2,100	200	200
Service-producing	97,150	96,750	93,600	400	3,550
Transportation	10,350	10,050	9,900	300	450
Trucking & Warehousing	1,400	1,400	1,400	0	0
Water Transportation	350	250	350	100	0
Air Transportation	3,950	3,850	3,650	100	300
Communications	1,850	1,800	1,800	50	50
Trade	25,950	25,700	25,250	250	700
Wholesale Trade	6,100	6,200	5,950	-100	150
Retail Trade	19,850	19,500	19,300	350	550
Gen. Merch. & Apparel	2,700	2,700	2,700	0	0
Food Stores	3,100	3,100	2,950	0	150
Eating & Drinking Places	7,700	7,550	7,550	150	150
Finance-Ins. & Real Estate	6,800	6,850	6,550	-50	250
Services & Misc.	27,450	27,100	26,400	350	1,050
Hotels & Lodging Places	2,250	2,350	2,100	-100	150
Government	26,600	27,050	25,500	-450	1,100
Federal	10,450	10,400	10,000	50	450
State	7,300	7,900	6,900	-600	400
Local	8,850	8,750	8,600	100	250

Fairbanks North Star Borough

	p/ 5/90	r/ 4/90	5/89	Changes from: 4/90	 5/89
Total Nonag. Wage & Salary	27,150	26,400	26,450	750	700
Goods-producing	2,400	2,150	2,200	250	200
Mining	200	200	150	0	50
Construction	1,650	1,450	1,500	200	150
Manufacturing	550	500	550	50	0
Service-producing	24,750	24,250	24,250	500	500
Transportation	2,000	1,850	1,900	150	100
Trucking & Warehousing	450	450	400	0	50
Air Transportation	400	400	350	0	50
Communications	250	250	300	0	-50
Trade	6,100	5,500	6,000	600	100
Wholesale Trade	750	650	700	100	50
Retail Trade	5,350	4,850	5,300	500	50
Gen. Merch. & Apparel	550	500	650	50	-100
Food Stores	800	800	750	0	50
Eating & Drinking Places	2,200	1,850	2,200	350	0
Finance-Ins. & Real Estate	900	850	850	50	50
Services & Misc.	5,850	5,750	5,850	100	0
Government	9,900	10,300	9,650	-400	250
Federal	3,250	3,200	3,150	50	100
State	3,950	4,350	3,850	-400	100
Local	2,700	2,750	2,650	-50	50

Anchorage-MatSu Region

	p/ 5/90	r/ 4/90	5/89	Changes from: 4/90	 5/89
Total Nonag. Wage & Salary	116,100	114,000	110,950	2,100	5,150
Goods-producing	12,050	10,350	11,050	1,700	1,000
Mining	3,800	3,700	3,650	100	150
Construction	5,850	4,450	5,200	1,400	650
Manufacturing	2,400	2,200	2,200	200	200
Service-producing	104,050	103,650	99,900	400	4,150
Transportation	11,050	10,700	10,550	350	500
Trade	27,800	27,500	26,800	300	1,000
Finance-Ins. & Real Estate	7,300	7,350	7,000	-50	300
Services & Misc.	28,700	28,350	27,700	350	1,000
Government	29,200	29,750	27,850	-550	1,350
Federal	10,700	10,700	10,100	0	600
State	8,100	8,700	7,650	-600	450
Local	10,400	10,350	10,100	50	300

Interior Region

	p/ 5/90	r/ 4/90	5/89	Changes from: 4/90	 5/89
Total Nonag. Wage & Salary	31,250	30,400	30,550	850	700
Goods-producing	2,600	2,350	2,450	250	150
Mining	350	300	300	50	50
Construction	1,700	1,500	1,550	200	150
Manufacturing	550	550	600	0	-50
Service-producing	28,650	28,050	28,100	600	550
Transportation	2,250	2,100	2,150	150	100
Trade	6,550	5,900	6,450	650	100
Finance-Ins. & Real Estate	950	950	950	0	0
Services	6,450	6,250	6,400	200	50
Government	12,450	12,850	12,150	-400	300
Federal	3,850	3,750	3,800	100	50
State	4,250	4,650	4,150	-400	100
Local	4,350	4,450	4,200	-100	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section

Table 3 *(cont. from page 12)*

Nonagricultural Wage and Salary Employment
By Place of Work

Southeast Region

	p/	r/		Changes from:	
	5/90	4/90	5/89	4/90	5/89
Total Nonag. Wage & Salary	33,650	32,750	32,600	900	1,050
Goods-producing	7,000	6,700	6,750	300	250
Mining	350	350	300	0	50
Construction	1,250	1,100	1,100	150	150
Manufacturing	5,400	5,250	5,350	150	50
Durable Goods	2,900	2,600	3,050	300	-150
Lumber & Wood Products	2,750	2,450	2,900	300	-150
Nondurable Goods	2,500	2,650	2,300	-150	200
Seafood Processing	1,400	1,550	1,150	-150	250
Pulp Mills	900	900	950	0	-50
Service-producing	26,650	26,050	25,850	600	800
Transportation	2,400	2,150	2,350	250	50
Trade	5,400	5,150	5,200	250	200
Wholesale Trade	650	650	600	0	50
Retail Trade	4,750	4,500	4,600	250	150
Finance-Ins. & Real Estate	1,050	1,050	1,100	0	-50
Services & Misc.	5,300	5,100	5,150	200	150
Government	12,500	12,600	12,050	-100	450
Federal	2,200	2,150	2,050	50	150
State	5,550	5,650	5,400	-100	150
Local	4,750	4,800	4,600	-50	150

Gulf Coast Region

	p/	r/		Changes from:	
	5/90	4/90	5/89	4/90	5/89
Total Nonag. Wage & Salary	22,900	21,250	25,950	1,650	-3,050
Goods-producing	5,850	5,150	5,800	700	50
Mining	850	800	800	50	50
Construction	1,150	1,000	1,150	150	0
Manufacturing	3,850	3,350	3,850	500	0
Seafood Processing	2,950	2,450	2,900	500	50
Service-producing	17,050	16,100	20,150	950	-3,100
Transportation	1,750	1,600	5,300	150	-3,550
Trade	3,950	3,500	4,050	450	-100
Wholesale Trade	550	450	550	100	0
Retail Trade	3,400	3,050	3,500	350	-100
Finance-Ins. & Real Estate	550	550	550	0	0
Services & Misc.	4,200	3,950	4,300	250	-100
Government	6,600	6,500	5,950	100	650
Federal	750	700	500	50	250
State	1,850	1,900	1,750	-50	100
Local	4,000	3,900	3,700	100	300

Northern Region

	p/	r/		Changes from:	
	5/90	4/90	5/89	4/90	5/89
Total Nonag. Wage & Salary	14,500	14,200	13,700	300	800
Goods-producing	5,900	5,750	5,550	150	350
Mining	5,300	5,150	4,900	150	400
Service-producing	8,600	8,450	8,150	150	450
Government	4,550	4,600	4,400	-50	150
Federal	300	300	250	0	50
State	350	350	350	0	0
Local	3,900	3,950	3,800	-50	100

Southwest Region

	p/	r/		Changes from:	
	5/90	4/90	5/89	4/90	5/89
Total Nonag. Wage & Salary	15,750	15,200	15,350	550	400
Goods-producing	4,800	4,400	4,650	400	150
Seafood Processing	4,350	4,000	4,250	350	100
Service-producing	10,950	10,800	10,700	150	250
Government	6,450	6,600	6,300	-150	150
Federal	1,350	1,350	1,300	0	50
State	550	550	550	0	0
Local	4,550	4,700	4,450	-150	100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 4

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 5/90	r/ 4/90	5/89	p/ 5/90	r/ 4/90	5/89	p/ 5/90	r/ 4/90	5/89
Mining	$1,033.69	$1,107.88	$1,051.27	45.1	48.4	47.1	$22.92	$22.89	$22.32
Construction	1,181.23	1,162.38	1,118.00	49.3	49.4	46.7	23.96	23.53	23.94
Manufacturing	615.88	604.42	546.56	44.5	47.0	43.9	13.84	12.86	12.45
Seafood Processing	444.69	502.18	413.08	45.1	51.4	46.0	9.86	9.77	8.98
Transportation	590.58	598.97	606.81	34.0	35.4	35.8	17.37	16.92	16.95
Trade	397.75	414.75	386.69	34.2	35.0	34.1	11.63	11.85	11.34
Wholesale	551.50	582.91	524.02	37.8	39.6	38.0	14.59	14.72	13.79
Retail	344.13	356.38	340.79	32.9	33.4	32.8	10.46	10.67	10.39
Finance-Ins. & R.E.	402.88	418.51	407.26	34.2	37.3	35.6	11.78	11.22	11.44

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2] Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

chain. The Anchorage Holiday Inn is also planning major renovations this fall and a number of other hotels are considering major expansions. None of this takes into account the number of new bed-and-breakfast facilities that have been opening up during the past several years.

Other Seasonal Industries Are Also Looking Good

Employment numbers in construction continued to exhibit strength in May — registering 8% above last year's levels. This month's construction employment was at the highest level for any May since 1986. Larger capital budgets, oil pipeline repairs, growing North Slope activity, and modest increases in residential and commercial construction are fueling the industry's growth.

May saw the beginning of the summer fishing season. There was one halibut opening that helped boost fish processing employment. Bad weather hampered many of the fishermen from getting to the fishing grounds, making it a lackluster first opening. In June the fishing fleet will get another chance to catch the halibut quota. The beginning of the salmon season also got started late in the month with the Copper River fishery, but the tell-tale months for the industry are still to come.

Service and Retail Trade Growth Tempers Considerably

These two growth leaders of 1989 have moderated their growth in 1990. Last May, trade's over the year growth rate was 5% and service's was 9%. The growth in these two industries in 1989 was not surprising given the incredible

11% surge in Alaska's total personal income in that year. (That 11% rate represents the strongest growth in income for the decade). Also, 1989 was a recovery year, which is usually accompanied by a strong surge in consumer buying as people loosen up on their spending habits.

For 1990, the growth rate for both of these industries is now running at 3%. One area of particular strength in 1990, however, is auto dealers — which is usually a good indicator of a robust economy. Two large retailers also announced they will build new stores in the future. Fred Meyer will start building another store in Fairbanks this summer that will include groceries and employ up to 400 people. Carrs Quality Centers also announced they have plans to build another store in Kenai.

Forest Fires And The Census Bolster The Public Sector

In May Census Bureau workers were still busily counting Alaskans and boosting federal employment. By June their employment numbers should begin to decrease. Forest fires in the Interior in May also helped to boost both federal and state employment. Other seasonal workers in the Park Service, the Forest Service, and the Department of Fish and Game kept public sector employment growing.

Summary: Economic Growth Moderates

Although the pace of Alaska's economic growth has slowed down in 1990, the economy remains in good shape. All of the state's industries and localities are recording moderate to strong employment growth. The absence of oil spill activity explains the tempering trend.

Employment is not the only economic indicator pointing to a healthy economy. Most other economic indicators help paint a bright economic picture. Bankruptcies are declining, bank deposits are climbing, and real estate values are increasing.

One indicator that has worsened is the unemployment rate. It is higher not because the economy is showing signs of a recession but instead because of a surge of oil-spill related unemployment claims, an expansion in seasonal employment opportunities in 1989 and possibly a surge in out-of-state job seekers. Another negative indicator that may signal economic trouble down the road is weakening oil prices. From March to mid-June they fell by more than $3 and they are expected to slide further. There is some concern that this price slide could spoil Alaska's economic recovery.

In the midst of this oil price decline, oil and gas employment has surged to almost record levels because of a proliferation of work on the North Slope. Tourism is also looking strong this year. The number of new hotels and expansions underway or planned underscores the optimism that exists in this industry.

All said, the overall employment and economic picture in Alaska remains relatively healthy. A few dark clouds are on the horizon, in the form of lower oil prices. If these price declines are only temporary, Alaska's economy will continue to grow; otherwise, it could spell trouble in the not-too-distant future.

About the author:

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Table 5

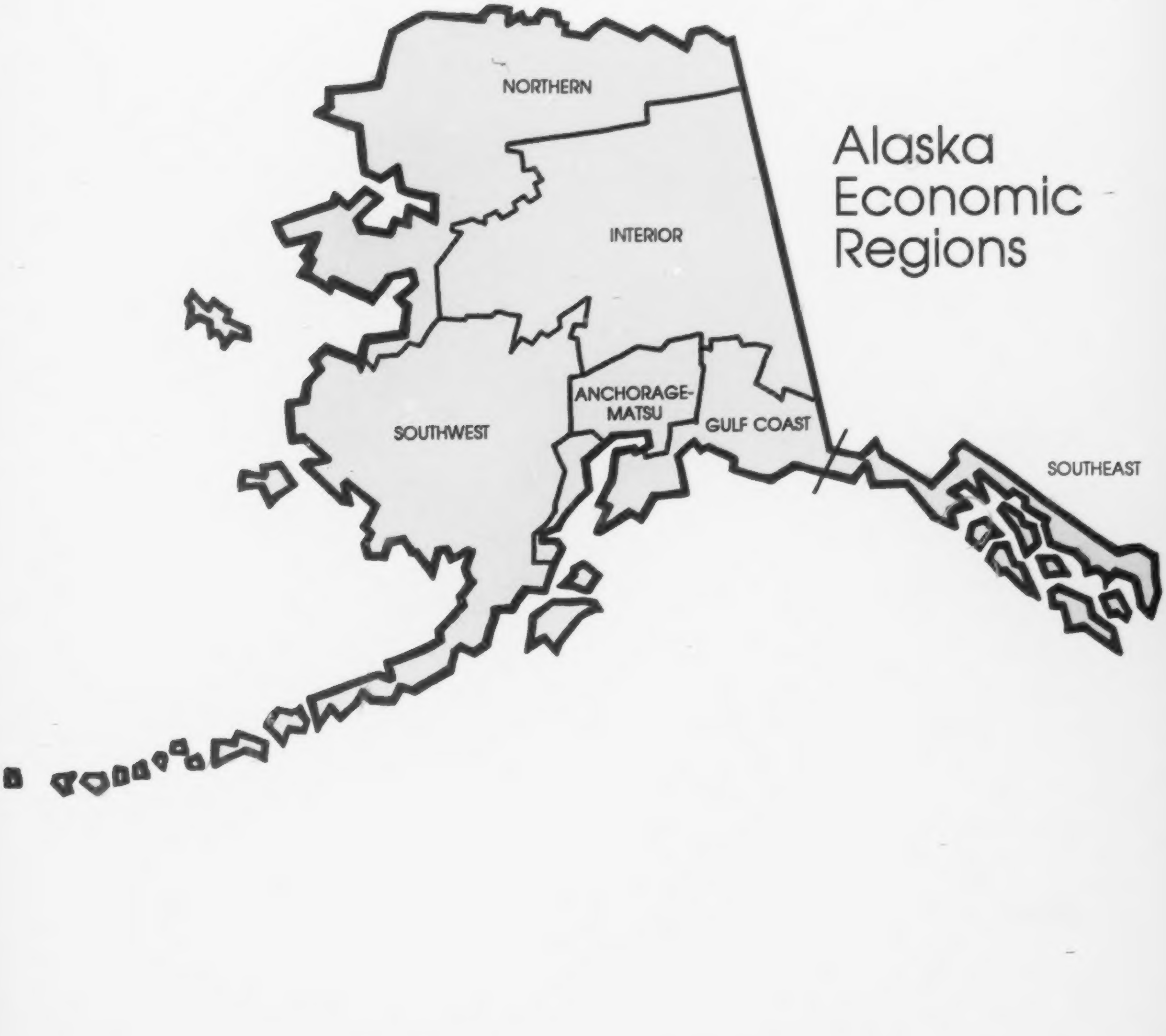
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 5/90	r/ 4/90	5/89	p/ 5/90	r/ 4/90	5/89	p/ 5/90	r/ 4/90	5/89	p/ 5/90	r/ 4/90	5/89
Alaska Statewide	256,244	251,962	253,607	18,625	19,887	15,833	7.3%	7.9%	6.2%	237,619	232,075	237,774
Anch.-MatSu Region	131,488	130,290	127,250	8,323	8,821	6,987	6.3	6.8	5.5	123,165	121,469	120,263
Municipality of Anchorage	115,998	114,753	112,664	6,288	6,635	5,389	5.4	5.8	4.8	109,710	108,118	107,275
MatSu Borough	15,490	15,537	14,586	2,035	2,186	1,598	13.1	14.1	11.0	13,455	13,351	12,988
Gulf Coast Region	29,930	28,370	32,655	3,251	3,459	2,043	10.9	12.2	6.3	26,679	24,911	30,612
Kenai Peninsula Borough	18,477	17,659	20,390	2,130	2,395	1,633	11.5	13.6	8.0	16,347	15,264	18,757
Kodiak Island Borough	6,566	6,123	7,339	337	307	192	5.1	5.0	2.6	6,229	5,816	7,147
Valdez-Cordova	4,887	4,588	4,926	784	757	218	16.0	16.5	4.4	4,103	3,831	4,708
Interior Region	36,399	35,626	35,905	3,561	3,675	3,196	9.8	10.3	8.9	32,838	31,951	32,709
Fairbanks North Star Bor.	31,304	30,559	30,880	2,831	2,855	2,518	9.0	9.3	8.2	28,473	27,704	28,362
Southeast Fairbanks	2,099	2,112	2,026	279	342	214	13.3	16.2	10.6	1,820	1,770	1,812
Yukon-Koyukuk	2,996	2,955	2,999	451	478	464	15.1	16.2	15.5	2,545	2,477	2,535
Northern Region	8,560	8,502	8,253	817	805	703	9.5	9.5	8.5	7,743	7,697	7,550
Nome	3,153	3,161	3,100	321	345	339	10.2	10.9	10.9	2,832	2,816	2,761
North Slope Borough	3,051	3,022	2,983	122	111	127	4.0	3.7	4.3	2,929	2,911	2,856
Northwest Arctic Borough	2,356	2,319	2,170	374	349	237	15.9	15.0	10.9	1,982	1,970	1,933
Southeast Region	36,261	35,750	35,919	2,035	2,395	2,237	5.6	6.7	6.2	34,226	33,355	33,682
Haines Borough	879	850	875	65	57	74	7.4	6.7	8.5	814	793	801
Juneau Borough	16,088	15,826	15,930	611	742	699	3.8	4.7	4.4	15,477	15,084	15,231
Ketchikan Gateway Bor.	6,822	6,757	6,677	479	576	435	7.0	8.5	6.5	6,343	6,181	6,242
Pr. of Wales-Outer Ketch.	2,818	2,795	2,777	294	335	293	10.4	12.0	10.6	2,524	2,460	2,484
Sitka Borough	4,181	4,078	4,193	149	149	225	3.6	3.7	5.4	4,032	3,929	3,968
Skagway-Yakutat-Angoon	1,777	1,811	1,760	201	275	209	11.3	15.2	11.9	1,576	1,536	1,551
Wrangell-Petersburg	3,696	3,633	3,707	236	261	302	6.4	7.2	8.1	3,460	3,372	3,405
Southwest Region	13,606	13,424	13,625	638	732	667	4.7	5.5	4.9	12,968	12,692	12,958
Aleutians East Borough	958	938	958	9	9	9	0.9	1.0	0.9	949	929	949
Aleutians West	2,696	2,640	2,689	36	37	31	1.3	1.4	1.2	2,660	2,603	2,658
Bethel	5,211	5,128	5,244	296	317	332	5.7	6.2	6.3	4,915	4,811	4,912
Bristol Bay Borough	515	519	527	14	28	26	2.7	5.4	4.9	501	491	501
Dillingham	2,464	2,468	2,445	116	170	99	4.7	6.9	4.0	2,348	2,298	2,346
Wade Hampton	1,762	1,731	1,762	167	171	170	9.5	9.9	9.6	1,595	1,560	1,592

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.


NORTHERN
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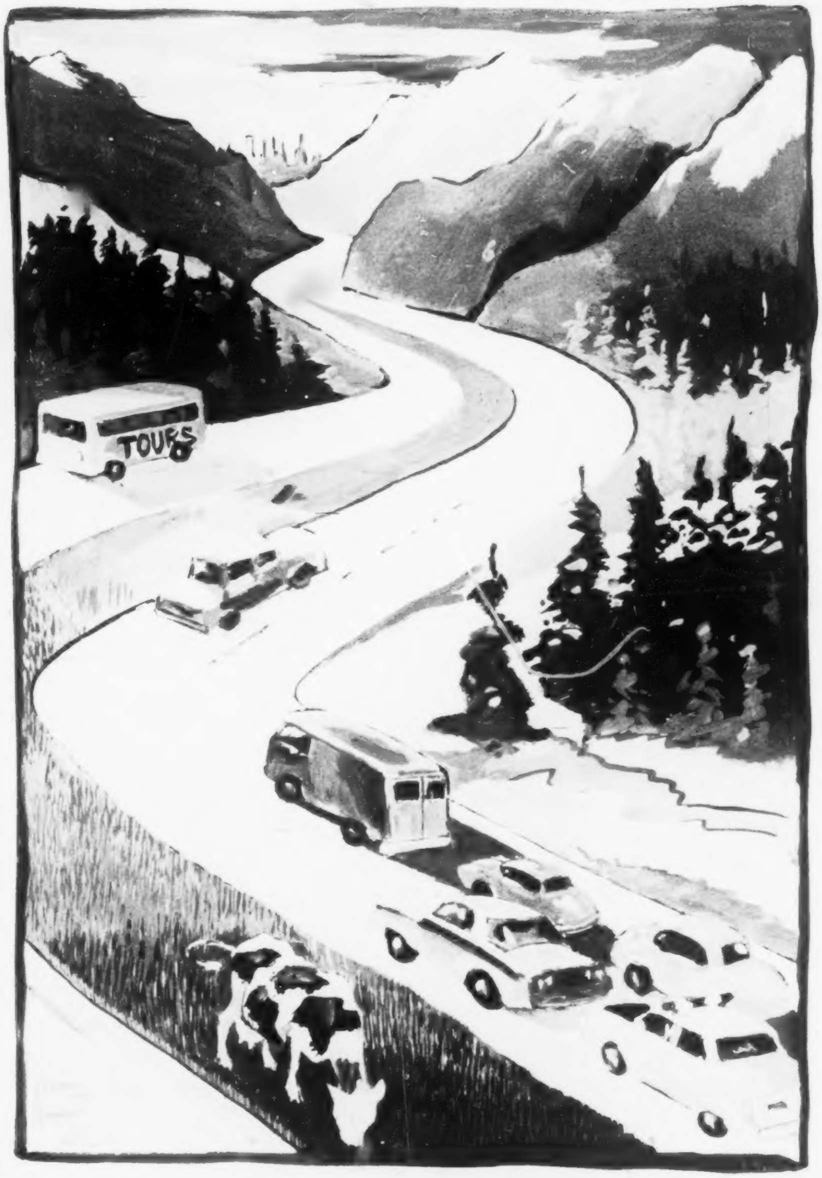
SOUTHEAST

Alaska Economic Regions

ALASKA ECONOMIC TRENDS



Visitor Recovery
in Sight

The Gender Gap

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New Jobs Keep June's
Unemployment Low

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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Alaska State Employment Service

JOB SERVICE

UNEMPLOYMENT INSURANCE

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Alaska Economic Trends:
1990 winner of the INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES award for the most outstanding monthly publication concerning labor market information.

The Trends 101

While compiling information on the 100 largest private employers in Alaska, we inadvertently overlooked one firm. Federal Express Corporation, the air courier service with its Alaska headquarters in Anchorage, grew rapidly in 1989. Its annual average employment of 261 made it Alaska's 67th largest employer.

Cover design by Jim Fowler

The MatSu Borough: Recovery in Sight

by Holly Stinson

Like most of the rest of the state, the Matanuska-Susitna (MatSu) Borough went on an economic roller coaster ride during the 1980s. Unfortunately, the ride was rougher in MatSu than in other regions of Alaska. The climb was steeper during the early '80s (with percent growth rates 2-3 times those of Anchorage) and the drop was more severe during the 1986-88 recession. Today the MatSu economy exhibits signs of renewed health.

Testaments to the recession remain: a boarded up hotel now owned by the Federal Deposit Insurance Corporation, vacant houses owned by other financial institutions, and shopping malls with empty space. Abandoned are grandiose plans for projects aimed at economic recovery — a multi-million dollar port facility with rail access, and an elaborate downhill ski resort.

However, signs of recovery are evident: the number of institution-owned homes is down, shopping malls are beginning to fill up with new businesses, the residential real estate market is turning around, and tourism is growing. A couple of other indicators are at all-time highs — school enrollment and telephone hookups. In addition, there is one major project which is a definite go — the federal government is building a Job Corps Center in Palmer.

Commuters are a Significant Part of the MatSu Economy

The MatSu economy is not confined to activity within borough boundaries. Eighty percent of the borough's population live in Palmer, Wasilla or nearby suburban areas — that means over 30,000 borough residents are within commuting distance of Anchorage.

A recent study by the University of Alaska's Institute for Social and Economic Research found that in 1987, 27% of MatSu residents who held jobs worked in Anchorage. Another 10% of MatSu's working population held a job elsewhere in the state (for example, oil field jobs on the North Slope). The MatSu Borough is therefore affected by Anchorage's economy and economic events occuring elsewhere in the state.

Recent Growth in Employment, Population

MatSu has a geographic diversity in its workforce — those who work in the local public and private sectors, and those who commute to jobs in other areas. In addition, there are a considerable number of self-employed workers who aren't included in nonagricultural wage and salary employment statistics. In the MatSu Borough many gold miners, agricultural workers, and loggers as well as some of those in the trade, transportation and services industries can be counted among the self-employed.

The statistics in Table 1 count the jobs in the MatSu Borough, excluding self-employed individuals. So while Table 1 indicates a small decline in jobs during 1986-1988, it doesn't reflect the hundreds of MatSu residents who lost jobs in Anchorage and elsewhere in the state, or the self-employed who lost their businesses.

About the author:

Holly Stinson is a labor economist employed with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

Table 1

Matanuska-Susitna Borough
Employment by Industry 1980-1989

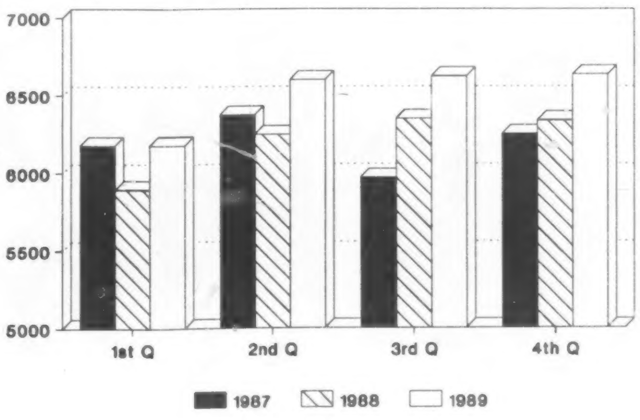
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Total	3,265	3,701	4,383	5,355	6,542	6,991	6,699	6,193	6,207	6,508
Mining	**	**	**	**	**	**	**	**	**	**
Construction	178	253	518	778	971	710	427	261	179	223
Manufacturing	37	106	70	67	111	111	88	83	108	124
Trans., Comm. & Utilities	319	343	381	525	595	670	680	688	638	639
Trade	733	748	898	1,173	1,547	1,736	1,590	1,643	1,523	1,600
Finance-Ins. & R.E.	120	131	198	208	280	290	296	206	159	174
Services	460	537	604	793	991	1,129	1,101	1,019	1,088	1,183
Government	1,341	1,418	1,564	1,734	1,977	2,229	2,425	2,248	2,357	2,415
Federal	112	103	101	104	112	100	105	102	99	104
State	403	460	545	596	651	737	761	759	791	811
Local	826	855	919	1,035	1,214	1,392	1,559	1,387	1,467	1,500
Miscellaneous	**	**	**	**	**	**	**	**	**	**

** Nondisclosable

Source: Alaska Department of Labor, Research and Analysis Section

Figure 1

MatSu Employment by Quarter



Source: Alaska Department of Labor, Research and Analysis Section

Over the year growth began showing up in MatSu's employment statistics beginning with the third quarter of 1988. (See Figure 1.) While these employment statistics understated the decline in Mat-Su's economy during the downturn, they are also understating the strength of the recovery. MatSu employment grew 4.8% in 1989; jobs in Anchorage increased 4.5%. Undoubtedly some of those Anchorage jobs went to MatSu residents. One indicator of the recovery is the unemployment rate, which has been steadily declining in the MatSu Borough since a 1987 high.[1]

Another indicator of recovery is that after losing several thousand people, MatSu's population is once again on the rise. (See Figure 2.) School enrollment, which doubled from 1979 to 1986, declined by several hundred during 1987-88. It then increased just as rapidly for the 1989-90 school year, reaching its highest level ever. Officials expect a slight increase this fall to 8,900 students. In response to the increasing student population, Colony Junior High School, completed in 1987, will open its doors this fall for the first time. Its vacant companion high school is slated to open in the fall of 1991.

Public Sector Mostly Education & State Jobs

Government employment accounts for 37% of all wage and salary employment in the region, and employment with the MatSu School District accounts for more than half of all government employment. (See Figure 3.) Over 90% of the MatSu Borough's budget goes to operate schools and to retire school construction debt; most of this money (close to 75%) comes from the state's coffers. State aid increased by $10 million for the 1990 fiscal year to $68.6 million. Still, the borough was forced to raise the mill rate on property tax and dip into reserves to meet this year's budget.

State jobs account for one-third of public sector employment. The MatSu College of the University of Alaska (almost 200 employees) and the Palmer Correctional Center (160 employees) are the largest state agencies in the borough. The Palmer prison is building new housing at a cost of $5 million. The construction project will increase capacity by 70 inmates and necessitate at least ten new jobs. Plans call for additional funding next year to renovate the old housing into activity centers.

Federal employment in the MatSu region has been the steadiest of all sectors through the ups and downs of the 1980s. Most federal jobs in this region are with the U.S. Postal Service.

Mining Plays Important Role in MatSu

Although public sector employment grabs the largest share of the employment pie at 37%, that still leaves 63% with the private sector. Much of the private sector employment depends on the region's natural resources of minerals, timber, fish, and scenery.

There are too few firms to allow for disclosure of total mining employment, but one mining company, Valdez Creek, was among the region's five largest private employers. (See Table 2.) A blow was dealt to the MatSu Borough when they suspended operations in late 1989. Over 130 jobs were lost, along with a monthly payroll of $750,000. According to a company spokesman, 60% of that payroll went to MatSu residents. In late

Table 2

MatSu Borough's Five Largest Private Employers*

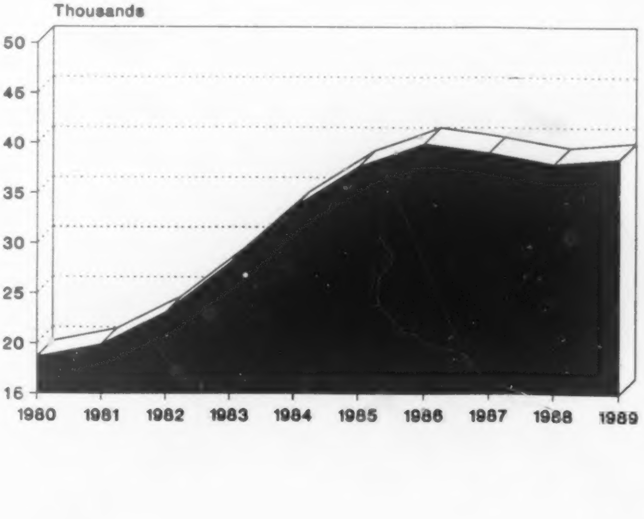
	1989 Annual Average Employment
Carr Gottstein Inc.	250
Matanuska Telephone Assoc. (MTA)	242
Valley Hospital	233
Matanuska Electric Assoc. (MEA)	136
Valdez Creek Mining Co.	110

*Published with employers' permission.

Source: Alaska Department of Labor, Research and Analysis Section

Figure 2

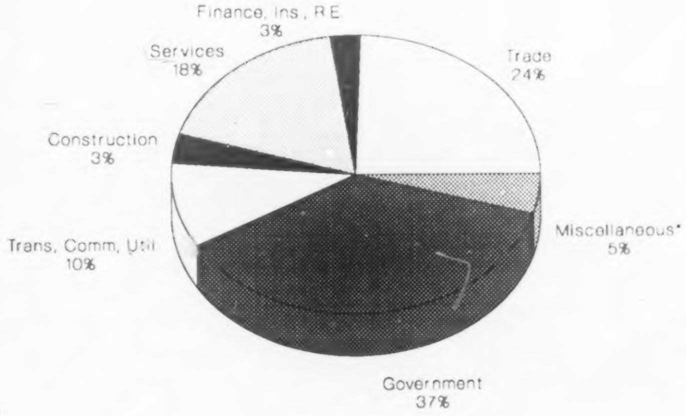
MatSu Borough Population



Source: Alaska Department of Labor, Research and Analysis Section

Figure 3

Employment in MatSu Borough By Industry, 1989



Source: Alaska Department of Labor, Research and Analysis Section

July, the owners announced intentions to reopen the mine. However, the Alaska Department of Environmental Conservation will have to approve the company's plan to comply with environmental regulations.

While many MatSu residents hope for a reopening of Valdez Creek, another mining project received the green light this year. Idemitsu-Kosan plans to mine a million tons of coal a year for the next 15 years from Wishbone Hill near Palmer for export to Japan. The legislature's approval of $9 million to the Alaska Railroad for needed railroad engines and coal cars to transport the coal to Seward should allow the project to happen. This mining operation will mean 180 new jobs with an annual payroll of $10 million.

A Palmer firm began exploration work this July in an abandoned mine in the same area as the Wishbone Hill deposit. Other coal deposits could turn into feasible ventures now that there is a coal terminal at Seward and the railroad has expanded coal-carrying capacity.

Currently the only presence of the oil & gas industry in the MatSu Borough is in the form of paychecks to residents working in Anchorage or the North Slope Borough. Last winter ARCO Alaska tested for oil and gas in the Big Lake/Houston area. This September's lease sales may shed light on the confidential results of those tests.

Another source of jobs in the mining sector is the sand and gravel industry. During the construction heyday of the early 1980s more than three times as much sand and gravel was mined as today's 2 million ton estimate. One major highway project—turning the Glenn Highway into a 4-lane divided road—could double the sand and gravel production for a two-year period.

Large, Small Construction Projects On Tap for MatSu

The MatSu Borough captured $31.3 million for capital projects (excluding the above-mentioned $9 million for the Alaska Railroad) in SFY 1991. Close to $24 million is federal highway funds, almost all of which is for the Glenn Highway widening to four lanes from Eklutna to the Parks Highway. Long a priority for commuters to Anchorage, design is now nearly complete. Construction will begin in 1991 and is scheduled for completion by the end of 1993. The road should make commuting to Anchorage jobs easier and make real estate in the Palmer-Wasilla area more attractive.

Another project scheduled to start next year is the federal Job Corps Center. The borough, City of Palmer, and federal governments are all contributing to this project, which will house 200 students and have a faculty of at least 65. The City of Palmer hopes to complete road and sewer work this season, so construction of the dormitories and classrooms can begin next spring.

This construction season saw work begin on a new $6.5 million airport in Wasilla, a new elementary school and an addition to one of the high schools. For this year and the coming few, construction projects are on the rise in MatSu but will not approach 1983-85 levels any time soon, if ever. (See Figure 4.)

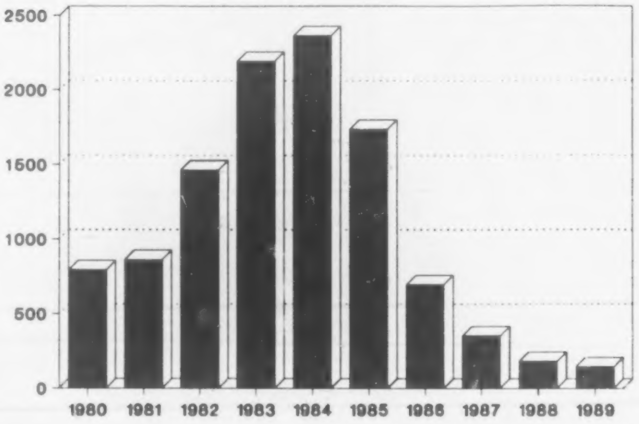
Real Estate Market Improving

Real estate in the MatSu Borough is finally showing signs of life. The number of properties owned by financial institutions has declined 40% since 1989's high of 1,190. Construction of a house built on speculation began in June, the first in many years. Information from the multiple listing service (which doesn't include all residential sales) shows mixed news.

The average selling price is still declining, but the number of units sold is on the upswing. The number of houses sold in 1989 was about double that of the bleak year of 1987. If 1990 finishes at the same pace as the first six months, the number of houses sold will be 14% above 1989. The year could end on an even better note; this June saw half again as many units sold as last June. MatSu property will become more attractive in the future as the price of Anchorage real estate climbs and as improvements are made to the Glenn Highway.

Figure 4

New Construction in MatSu Borough



Source: Alaska Department of Labor, Research and Analysis Section

Communications and Utilities Expanding

Two of the largest employers in the borough are in the transportation, communications and utilities industry. Matanuska Telephone Association is the second largest private employer in the region and the 73rd largest statewide. (See "Trends 100" article in the August issue of *Alaska Economic Trends.*) The cooperative that supplies electricity in the area, MEA, is also one of the five largest private employers in MatSu.

A relative newcomer to the region, Enstar Natural Gas, is now the largest taxpayer in the borough. Having relatively cheap natural gas energy has made MatSu housing more economical than ever. Another newcomer to the borough is General Communications, Inc. The firm opened an operator services center in Wasilla this month, creating 50 new jobs. Continuing to attract new businesses is one key to the borough's future economic health.

Timber, Agriculture Small but Significant

Timber harvesting is a growing industry in many parts of Southcentral Alaska, but has remained quite small in the MatSu Borough. An industry official estimated 200 people in the area either log or operate small sawmills; this number is not anticipated to grow appreciably anytime soon.

Agriculture is the region's oldest economic pillar. Today the area accounts for two-thirds of the state's total agricultural production. Several farms produce milk for Matanuska Maid, the state-owned dairy. These include four at the Point McKenzie dairy farm project which the state began in 1982.

Tourism Holds Potential for MatSu

The borough has numerous natural attractions, but visitor facilities are scarce. Many people pass through on tour buses headed for Denali Park or Valdez; borough entrepreneurs would like to capture more of their business. The Mat-Su Convention & Visitors Bureau was formed in 1986 to develop tourism, and a 5% bed tax was levied in 1989 to raise funds for tourism support. Increasing numbers of people are visiting the region — sportfishing doubled from 1978 to 1988, and the number of bed-and-breakfast facilities has grown ten-fold in the last four years.

The state maintains more than 30 sites in the MatSu Borough, and Denali State Park is the most popular. Of the more than 1.2 million visits to state parks[2/] in MatSu from July 1988 through June 1989, more than 30% were at this popular spot. The largest tourist project to date is a planned hotel development at this park. Dubbed the South Denali Visitor Complex, it would be a public/private venture. The federal government would build a visitor center, the state government would donate land and infrastructure such as sewers and roads, and the private sector would build a facility with as many as 250 rooms, at an estimated cost of $29 million. Current legal action keeps the fate of the project unsure at this time.

Attracting summer tourists has been the main focus in MatSu, but winter tourism holds potential, too. A Japanese firm backed out of plans to build a downhill ski resort in Hatcher Pass near Wasilla and Palmer, but others are interested in developing the area. The Department of Natural Resources hopes to begin the leasing process later this year. Many existing facilities cater to winter recreationists such as cross-country skiers and dog mushers.

Other tourist attractions in the region include the Musk Ox Farm near Palmer, the Knik and Matanuska glaciers, the Iditarod Trail Sled Dog Race Headquarters, and the state fair which attracts about 180,000 people each August. Almost all climbers of Mt. McKinley begin their journey in Talkeetna. Over 1,000 people a year now attempt the climb, and the National Park Service is considering a permit system to limit this number.

Trade, Services Sectors Affected by Tourism

Tourism has a big impact on trade and services, and these are two sectors where employment didn't decline too drastically during the 1986-88 recession. A steady stream of tourists, which increases each year, has done a lot to keep both trade and services employment from suffering larger job losses. While other industries grab the headlines, these two together provide 43% of all jobs.

Summary: MatSu is Rebounding from Recession

The MatSu Borough went through a tremendous period of growth in the early 1980s, followed by a severe recession in 1986-88. By the last half of 1988, though, employment was once again on the increase. In 1989 the number of jobs increased close to 5%. These employment statistics don't count the considerable number of residents holding down jobs in Anchorage or elsewhere in the state.

More than one-third of MatSu jobs are in the public sector, and most of these are in education. In the private sector trade and services account for the largest share of employment. Mining — for coal, gold, sand and gravel — is important to the MatSu economy and could become more so in the near future. Major construction projects are on the horizon, such as a 4-lane highway and a federal Job Corps Center. Two of the largest employers in MatSu are in the transportation, communications and utilities industry; the number of jobs and firms in this sector is increasing.

School enrollment is at an all-time high, and the real estate market is finally turning around (although values still lag behind). Although support from state revenues may decline in the future, the MatSu Borough is making firm strides toward economic recovery for now.

Notes:

1/ Unlike wage and salary employment, unemployment statistics are measured by place of residence. So if MatSu residents who worked in Anchorage lost their jobs, they would be counted among the unemployed in the MatSu Borough. Unemployment statistics also include self-employed individuals, unpaid family help, domestic help and agricultural workers.

2/ Each entry is counted as one visit. A single person could visit several state parks, or the same park on several occasions. In either case, this one person would account for multiple visits.

The Gender Gap

By F. Terry Elder

Women in Alaska earn considerably less than men.[1/] The average annual income for a female, $14,900 in 1988, is about 62% of the average male's annual income of $24,200. Women earn less than men in every geographic location of the state, and for every age, industry, and occupation group.[2/]

There's A Gender Gap In the U.S.

Alaska women earn a smaller percentage of male income than do women in the U.S. as a whole.[3/] In an April 2, 1990 issue, the *U.S. News & World Report* (page 45) reported that, in the U.S., women earned about 66% of male income in 1988. That is up from 59% in 1970 and 60% in 1980. These data are included in a book, *Understanding The Gender Gap; An Economic History of American Women* by economist Claudia Golden. "The Gender Gap" is the phrase used to mean that women earn less than men and have systematically different occupational distributions.

Golden attributes the gap to various institutional and social factors, which have combined to limit education and training (human capital investment) choices, and employment opportunities of women. The gains made by women since 1970, therefore, result from favorable changes in some of these factors. Women have increased their investment in education, and work schedules have become more accommodative to a wider variety of workers. Golden predicts a bright future for the balance of this decade. This is because she expects labor to be in relatively short supply and women to account for a larger share of the work force.

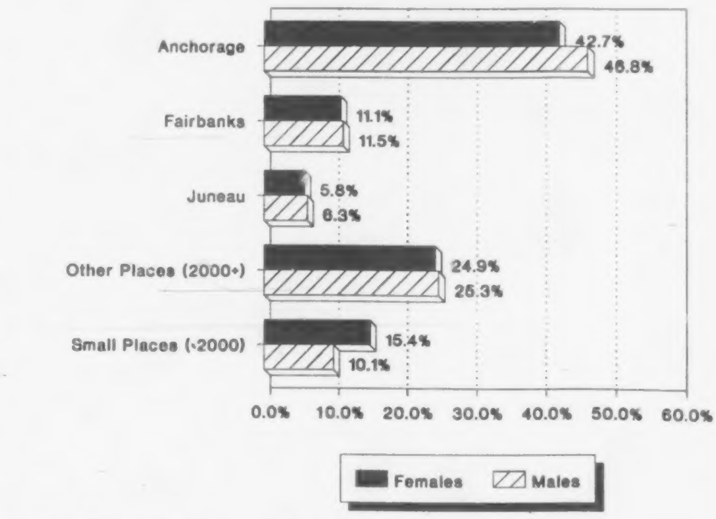
If that is favorable to women in the U.S., then it should also benefit women in Alaska. In the report *Alaska 2000,*[4/] it is projected that women will account for almost 73% of the growth in the Alaska labor force between 1987 and 2000. This is difficult for employers to ignore, and likely will have beneficial impacts on work opportunities for women. This could be expected to narrow the gender gap in the future.

The Alaska Gender Gap is Found Across Locations...

The promise of a brighter future for women may not alleviate the concern of those who look at the 1988 data. Almost half of the employment and earnings of the study group is located in Anchorage.[5/] (See Figure 1.) In fact, Anchorage, Fairbanks, and Juneau account for almost 60% of employment and almost 65% of annual wage income. Other places with populations of at least 2,000 account for about 25% of employment

Figure 1

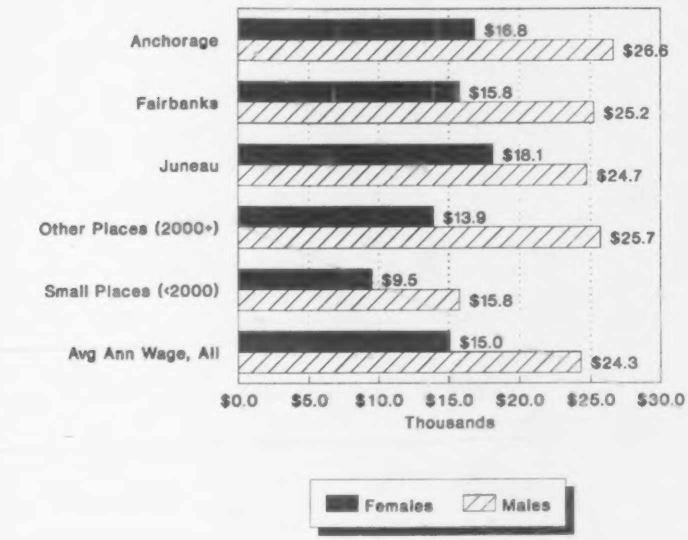
Distribution of Total Employment & Annual Wage Income by Location, Alaska, 1988



Note: Date for 128,222 males & 113, 102 females.
Source: Alaska Department of Labor, Research and Analysis Section

Figure 2

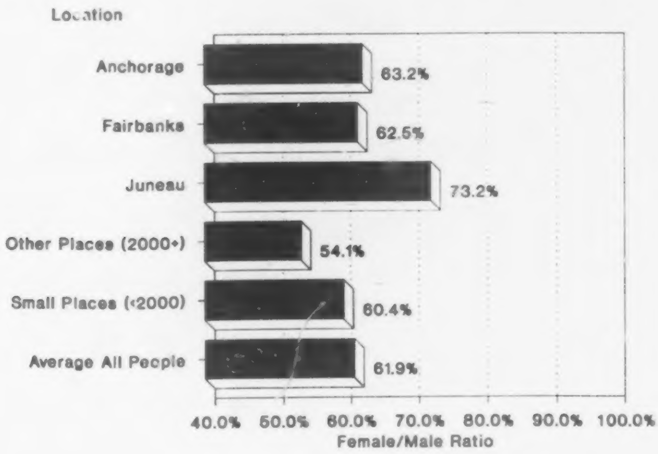
Male & Female Average Annual Wage Income by Location, Alaska, 1988



Note: Data for 241,324 people.
Source: Alaska Department of Labor, Research and Analysis Section

Figure 3

Female/Male Ratios of Private & Public Sector Average Annual Wage Income by Location, Alaska, 1988



Note: Data for 241,324 people.
Source: Alaska Department of Labor, Research and Analysis Section

and income. Small places account for slightly over 15% of employment and 10% of wage income.

Women workers are concentrated in the three largest cities somewhat more than are men, with almost 62% of women in Anchorage, Fairbanks and Juneau, compared to 58% of men. Each of the other two location categories accounts for a relatively larger share of men than of women. About 26% of men and 24% of women workers live in other places with a population of 2,000 or more. Somewhat less than 17% of men and about 14% percent of women workers live in places with a population of less than 2,000.

Average (per person) wage income is much lower in the small places category for both men and women. (See Figure 2.) The male average wage of $15,800 in small places is only 65% of the statewide male average wage of $24,300. The female average wage of $9,600 in small places is about 64% of the statewide female average wage of $15,000.[6] Average wage income in the three major cities is higher than statewide average incomes for both men and women. Some of the reasons for the geographic difference in income of both men and women include differences in industry and occupation distributions between large and small places, and differences in hours worked (seasonality of employment).

The ratio of female to male average annual wage income is 61.9%.[7] (See Figure 3.) Women earn less than men in each location category, with remarkable consistency. The locations that stand out are Juneau and the other places category. Women earn about 73% of what men earn in Juneau, but only 54% of what men earn in the other places category. This probably reflects the importance of state and local government employment for women in Juneau, and differences in occupational patterns in Juneau and the other places category.

...Age Groups...

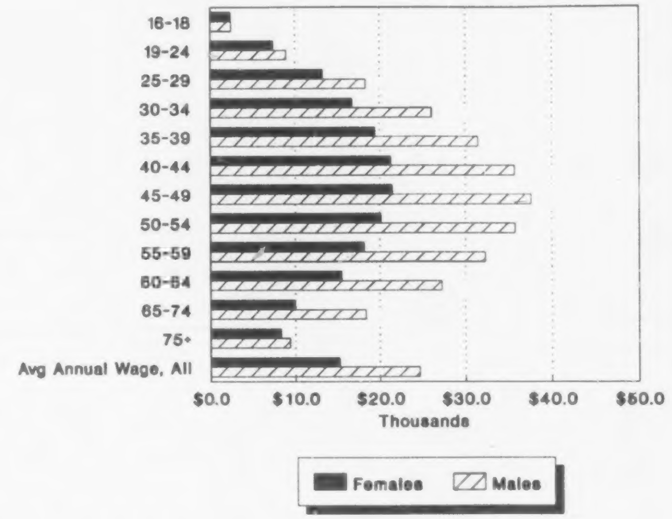
The average age of the workers in the data set is about 34.1 years old.[8] Women tend to be somewhat younger than men, at 34.0 years versus 34.5 years for men. There is a clear age pattern of average (per person) wage income for both women and men. (See Figure 4.) Average wage income rises until the age group 45 to 49 and then declines. This pattern probably reflects significant differences in wage rates and hours worked. Wage rates should rise with time as individuals gain more education, training, and experience. Hours worked will be affected by the ratio of part-time to full-time employment and retirement. In the publication *Alaska 2000* (page 40), it is shown that males and females have a similar age pattern for part-time work relative to full-time employment. That is, part-time employment tends to be a larger percentage of total employment for teenagers of both sexes. The part-time percentage declines for older age groups, and then increases for senior citizens of both sexes. Although these age patterns are similar, the percentage of part-time employment for adult women is sharply higher than that for adult men. Without data for hours worked, it is not possible in this study to account for these different factors.

Like wage differences by location, the per person wages of females are less than those of males for every age group. (See Figure 5.) The pattern is interesting. For teenagers there is almost parity between the sexes. Even for the next age group (19-24), women do not fare too poorly. This suggests that employers, many of whom hire young people for largely part-time jobs that require little skill and training and for which they expect high turnover, pay essentially the same wage rate regardless of sex.

The rapid decline in the ratio for the next age groups (25-74) may reflect the decline in hours worked by women whose family responsibilities require them to seek part-time rather than full-time work. In 1980, women were almost three times more likely than men to work part time between the ages of 25 and 64, and twice as likely after the age of 65. In addition, even for women who work full time, if they drop out of the labor force for any extended time to raise children, they

Figure 4

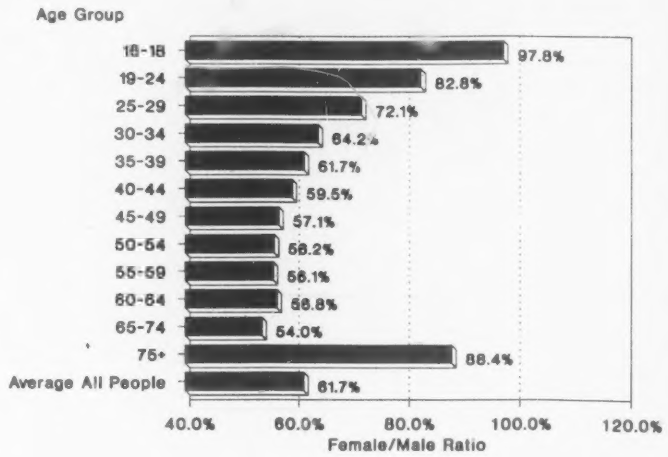
Male & Female Annual Average Wage Income by Age Group, Alaska, 1988



Note: Data for 127,173 males & 112,747 females.
Source: Alaska Department of Labor, Research and Analysis Section

Figure 5

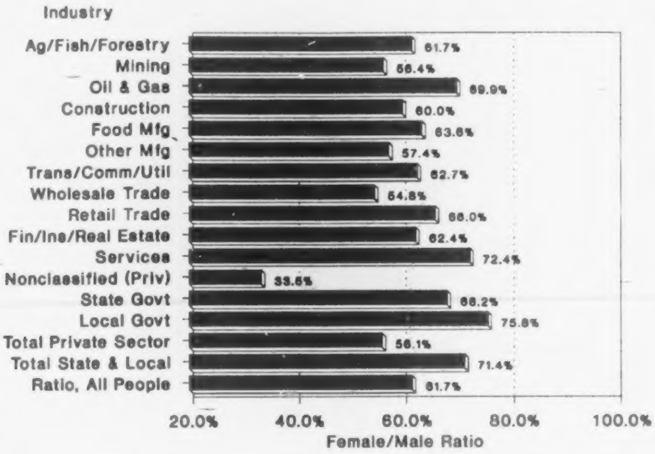
Female/Male Ratios of Private & Public Sector Average Annual Wage Income by Age, Alaska, 1988



Note: Data for 243,920 people.
Source: Alaska Department of Labor, Research and Analysis Section

Figure 6

Female/Male Ratios of Private & Public Sector Average Wages by Industry, Alaska, 1988



Note: Data for 129,378 males & 114,642 females.
Source: Alaska Department of Labor, Research and Analysis Section

could be penalized when they seek to enter the labor force again. For example, a woman who is 30 years old is more likely than a 30-year-old man to have dropped out of the labor force because of family responsibilities. To the extent that employers pay for experience and job tenure, this would hurt women relative to men of the same age group.

The similarity in the ratio[9] for those over age 74 compared to teenagers and young adults suggests that the most senior members of the work force are treated in a similar fashion by employers. This is not to say that they are the same employers, although this is something that could be investigated further using this data set. It does suggest, however, that, similar to teenagers, seniors are paid for accomplishing a certain task, and the pay to accomplish the task is similar for men and women over the age of 74.

...Industry Groups...

A look at relative wage income by major industry reveals that women earn less than men in every industry. (See Figure 6.) They earn 56.1% of men in the private sector, 71.4% of men in state and local government. The highest ratios for women are found in local government (75.8% of men), services (72.4%), oil and gas (69.9%), state government (68.2%), and retail trade (66.0%). Among major industries, the lowest ratios are found in wholesale trade (54.8%), mining (56.4%), and the other manufacturing industries (57.4%).

The comparison between female and male per person income for the private sector in total looks worse than for the individual components of the private sector because of the heavier distribution of women in the low income industries. The services and retail trade industries, two of the lowest average wage income industries, comprise about 53% of female employment, but only 35% of male employment. In addition to these distribution differences, within **every** industry the percentage of women making less than $20,000/year exceeds that of men.

...And Occupation Groups

Women also earn less than men in every occupation group. (See Figure 7.) Women fare particularly poorly in the sales workers, service workers, operators/assemblers/laborers, and agriculture/fishing/forestry workers groups. They do the best in the administrative support group, but do not come close to parity in any group.

Of the nine major occupation groups, executives/managers and professionals comprise about 23% of female workers and 20% of male workers. Many of the other occupational groups, however, are dominated either by men or women. Women comprise about 80% of the workers in the administrative support occupational group, and 60% of the sales workers. Both groups have below average wage incomes. Men comprise about 82% of the workers in the operators/assemblers/laborers group, and 95% of the workers in the mechanics/construction crafts group. The latter group has above average income.

In **every** occupation group but one (administrative support), workers earning less than $20,000/year comprise a larger percentage of female employment than of male employment. This observation is similar to the one made about income distributions within industries. Thus, just as in the industry analysis, it is found that women not only tend to be concentrated in lower wage occupation groups, but within each group, women tend to be concentrated on the low end of the income scale.

Many Factors Contribute to the Gender Gap

It is noted above that women earn about 38% less than men. They earn less in every location, and for every age, industry group and occupation group. However, even when age, location, industry group, and occupation group are held constant (by regression analysis), women earn about 18% less than men. This means that if women and men had identical distributions of age, location, industry group, and occupation group, the observed wage gap still would be about 18%.

What might cause the existence of this 18% wage gap? One potential factor is that **within** the industry and occupation groups, women are more concentrated than men in lower income categories. As a result, even though some of the wage differences could be reduced if women worked proportionally in the same industry and occupation groups as men, women would still earn less due to the wage distribution of their employment **within** the industry and occupation groups.

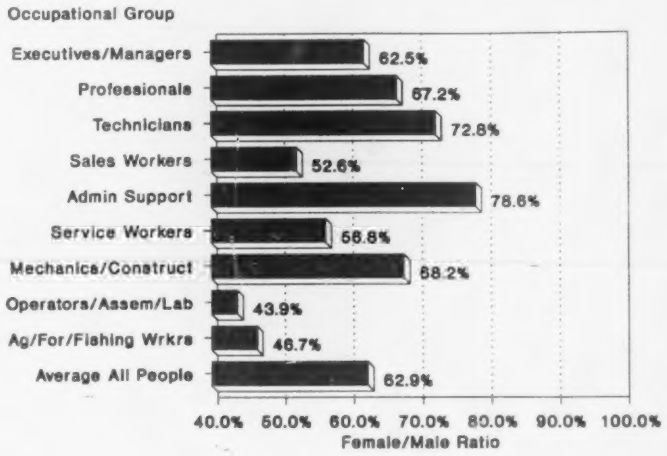
Another potential factor could be the tendency of women of every age to be more likely than men to work part time rather than full time. If women systematically tend to work fewer hours than men, their annual wage income would be less than men, all other things being equal.

If women had less labor force experience or job tenure as a result of family responsibilities, these might be factors which could result in a gender gap. If there were systematic differences in the education and training of men and women, these differences also could be reflected in the 18% wage gap.

Finally, another potential factor, which cannot be ignored at this point, would be the possibility of discrimination. The analysis, however, is a long way from showing that some type of discrimination is a factor. It is more accurate to say that the analysis does not rule out the possibility that there is some type of sex discrimination in the system. This certainly provides ample reason for further data collection and investigation, since the total wage income gap is significant.

Figure 7

Female/Male Ratios of Private & Public Sector Annual Average Wage Income by Occupational Group, Alaska, 1988



Note: Data for 92,956 males & 77,457 females.
Source: Alaska Department of Labor, Research and Analysis Section

Notes:

[1] This article is based on a report titled *The Gender Gap*, a study about the 1988 Alaskan employment and earnings of wage and salary employees who are covered by unemployment insurance and received a 1988 Permanent Fund dividend. The study, which focuses on women, covers 114,642 women (47.0% of the total number of people in the study) and 129,378 men (53.0% of the total). Their total wage income is about $4.85 billion, composed of female income of $1.72 billion (35.4% of the total wage income) and male income of $3.14 billion (64.6% of the total). Total personal income in Alaska in 1988 was about $10.0 billion, according to the Bureau of Economic Analysis, U.S. Department of Commerce. The Alaska Department of Labor reported 1988 total nonagricultural wage and salary income of about $5.88 billion.

[2] The income differences between the sexes may be caused by a number of factors. Some of these factors, for which there is no information in the data set used in the study, include the number of hours worked, educational attainment, experience in an occupation, and job tenure.

[3] An analysis of what factors cause women in Alaska to earn a smaller percentage of male income than their counterparts in the U.S. is beyond the scope of the study. It could be an interesting future research project.

[4] *Alaska 2000* is a report published by Research & Analysis, Alaska Department of Labor, in June 1989.

[5] Of the 114,642 women and 129,378 men in the study, location information is available for 113,102 women and 128,222 men. Location is defined by the workers' Permanent Fund dividend zip codes. The workers have been separated into five location categories: Anchorage, Fairbanks, Juneau, other large places (with populations of 2,000+), and small places (with populations less than 2,000).

[6] Calculated averages will differ slightly as the study's population changes size. For example, data for 244,020 persons were available to compute average annual income statewide, but location specific data were available for only 241,324 persons, age specific data for only 239,920 persons.

[7] This calculation is based on the 241,324 people in the study who provided location data.

[8] Of the 114,642 women and 129,378 men in this study, age information is available for 112,747 women and 127,173 men.

[9] The ratio of female average annual wage income to male average annual wage income.

The Gender Gap is available from the Alaska Department of Labor, Research and Analysis Section, P.O. Box 25501, Juneau, Alaska 99802-5501

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New Jobs Keep June's Unemployment Low

by Holly Stinson

June's wage and salary employment figures continued to show over the year growth, but for the third month in a row the growth rate slowed. Not coincidentally, June also marked the third month in which employment comparisons to a year ago were impacted by last year's oil spill cleanup.

The slowdown of employment growth was not unexpected, given the high number of jobs available last summer. What is surprising is that the economy managed to make up for the several thousand missing cleanup jobs as well as post a gain of 4,000 jobs over last June's total. (See Table 2 and Figure 1.) Every region saw more jobs this June than last, except for Gulf Coast, site of the oil spill cleanup. (See Table 3 and Figure 2.)

As employment increased, Alaska's unemployment rate fell to 6.5% from May's 7.3%. (See Table 5.) While not as low as last June's rate of 6.1%, it is the second lowest rate for June since 1978. In June, Alaska had the fifth highest unemployment rate nationwide. (See Table 1.)

Seasonal job growth was a healthy 4.7% (11,000 jobs) from May to June. (See Table 2.) This compares to 9,800 new jobs for the same period in 1988 (a 4.6% seasonal increase) and 12,200 in 1989 (a 5.3% increase). Big employment gainers in June were the trade, services and manufacturing industries.

Table 1

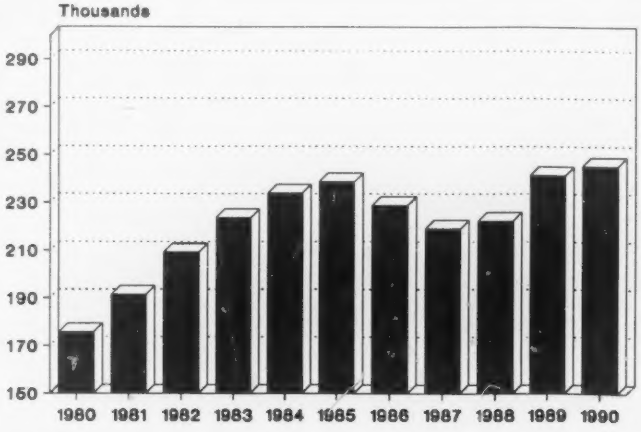
Top Five Statewide Unemployment Rates June 1990

Rank	State	Rate
1	Michigan	7.5%
2	Arkansas	7.2%
3	Louisiana	7.0%
4	West Virginia	6.7%
5	Rhode Island	6.5%
5	Alaska	6.5%

Source: Bureau of Labor Statistics & West Virginia Department of Employment Security

Figure 1

Employment in Month of June 1980-1990



Source: Alaska Department of Labor, Research and Analysis Section

Good Fishing Adds Jobs in Manufacturing

The manufacturing sector added more jobs from May to June than any other industry, almost totally due to seafood processors gearing up for their peak summer season. Last year, the oil spill closed many fishing areas, and the average number of hours worked was down in this industry.

This year employment increased and the number of hours worked per week improved dramatically over last year, averaging 43.1 hours per week in June. (See Table 4.) Processors in Southeast and Southwest Alaska, along with those in the Gulf Coast region, reported more jobs this June than last. The June halibut catch met or exceeded the year's quota in all but one area and kept processors busy.

Most regions had decent salmon returns, although some areas such as Cook Inlet and the Copper River flats got off to a slow start. An exception was Bristol Bay, where the red salmon run surprised everyone. It was more than double what was predicted, and will go down as the second best harvest in Bristol Bay's history. The total catch was slightly higher than last year's harvest, and prices are similar to what was paid last season. If post-season price adjustments are the same as last year, the harvest could set an all-time record in dollar value. The salmon harvest statewide was one-third higher than last year through mid-July.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 6/90	r/ 5/90	6/89	Changes from: 5/90	Changes from: 6/89
Total Nonag. Wage & Salary	245,500	234,500	241,500	11,000	4,000
Goods-producing	44,200	38,200	41,700	6,000	2,500
Mining	11,400	10,600	10,400	800	1,000
Construction	12,600	10,900	11,600	1,700	1,000
Manufacturing	20,200	16,700	19,700	3,500	500
Durable Goods	4,600	4,200	4,500	400	100
Lumber & Wood Products	3,600	3,200	3,600	400	0
Nondurable Goods	15,600	12,500	15,200	3,100	400
Seafood Processing	11,700	8,700	11,300	3,000	400
Pulp Mills	900	900	1,000	0	-100
Service-producing	201,300	196,300	199,800	5,000	1,500
Transportation	20,900	19,600	24,900	1,300	-4,000
Trucking & Warehousing	2,600	2,400	2,600	200	0
Water Transportation	1,400	1,300	1,700	100	-300
Air Transportation	7,000	6,500	6,500	500	500
Communications	3,300	3,200	3,200	100	100
Trade	48,500	45,900	46,900	2,600	1,600
Wholesale Trade	8,900	8,400	8,400	500	500
Retail Trade	39,600	37,500	38,500	2,100	1,100
Gen. Merch. & Apparel	5,500	5,400	5,400	100	100
Food Stores	7,100	6,900	6,700	200	400
Eating & Drinking Places	14,500	13,300	14,300	1,200	200
Finance-Ins. & Real Estate	10,900	10,600	10,600	300	300
Services & Misc.	51,000	48,400	49,800	2,600	1,200
Hotels & Lodging Places	6,500	5,000	6,200	1,500	300
Government	70,000	71,800	67,600	-1,800	2,400
Federal	19,700	19,300	18,800	400	900
State	20,700	20,700	20,100	0	600
Local	29,600	31,800	28,700	-2,200	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates   r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Construction Continues to Show Strong Growth

Strong growth continued in June in the two other goods-producing industries, mining and construction. On the construction side, some large on-going projects are being joined by several new ones to create 1,000 more jobs than last June. Most of this job growth is being reported in Anchorage, although projects are located around the state.

Construction valuation in Anchorage for the first six months is close to twice what it was last year. A mix of new residential (single family), new commercial and alterations to existing commercial buildings are all contributing to increased construction employment. On the down side, the governor's budget veto reduced the amount of state general funds allocated for capital projects by $85 million. Still, a projected capital budget of $147 million is 10% higher than last year's.

The construction picture in Fairbanks is looking good, being the northern headquarters for pipeline repairs. There are still some ongoing military construction projects; new projects which will begin this summer are the Fred Meyer store and the Princess Tours hotel.

Good News for Gold Mining

More good news in the Fairbanks area came from the mining industry. Developers of the Fort Knox gold mine reported positive results from their $9+ million exploration project. Estimates of the deposit have increased 50%, and new technology will allow for extraction of previously uneconomical gold deposits. The mine could be in the development stage as early as 1992. Eventually, employment could match that of Greens Creek or Red Dog, in the 200-300 job range.

Another gold mine, Valdez Creek in the MatSu Borough, should reopen soon, according to its owners. Shut down last fall, they plan on employing up to 170 people.

Oil and Gas Activity Increases in Cook Inlet, North Slope

There was also good news from the oil and gas portion of the mining industry. Conoco became the third company this year to announce intentions to drill an exploratory well in Cook Inlet. ARCO previously announced plans to start drilling an exploratory well by late summer; their drilling rig is in Seward being modified for winter conditions.

Construction of dikes to protect the Drift River oil terminal from potential flooding was finished in June. This allowed the nine Cook Inlet platforms shut down because of the oil terminal's closure to come back on line by late June. The three month closure had little impact on the platform operators' employment. In fact, it gave them an opportunity to perform maintenance work which could not be done while the platforms were pumping oil. Still unanswered is the question of whether the closures will mean a long-term loss of production from the Cook Inlet oil fields.

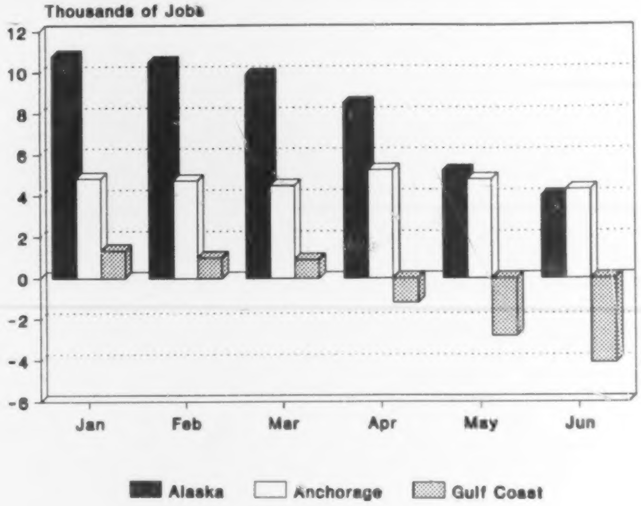
June employment with the North Slope producers and their oil field service companies was well above that of last year. This increase combined with the mines in Southeast and Northwest Alaska and exploration efforts in the Interior has put total mining employment at an all time high for the month of June. Every region except Gulf Coast is sharing in the increase in mining jobs.

Gulf Coast's Job Picture Skewed by Spill Cleanup

There was not much in Gulf Coast in June to offset the disappearance of thousands of oil spill cleanup jobs included in last June's employment. This year, fewer than 200 workers were on the beaches in Gulf Coast. Meanwhile, jobs in the mining and construction industries stayed at 1989 levels and manufacturing employment increased less than 5%. The loss of 4,650 jobs in Gulf Coast's transportation sector from June 1989 to June 1990 is all attributable to the difference in the spill cleanup operations between the two years. (See Table 3.)

Figure 2

Employment Gains & Losses in 1990 Compared to Prior Year



Source: Alaska Department of Labor, Research and Analysis Section

More Cargo Means More Transportation Employment

With the exception of 1989, employment in the transportation, communications, and utilities industry has never been as high in June as in 1990. Both Fairbanks and Anchorage show growth in this sector — an accomplishment considering last year's demand for transportation services associated with the spill cleanup. Materials for construction projects are one reason cargo at Anchorage's port is up 20% for the first six months of 1990 over the same period in 1989. Alyeska Pipeline employment, counted in this industry, has also increased to handle the multi-million dollar repair projects on the pipeline and terminal. Alaska's considerable influx of summer tourists also boosted transportation employment in June.

Table 3

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	6/90	5/90	6/89	5/90	6/89
Total Nonag. Wage & Salary	111,450	109,000	107,150	2,450	4,300
Goods-producing	12,750	11,450	11,450	1,300	1,300
Mining	3,800	3,750	3,450	50	350
Construction	6,300	5,450	5,550	850	750
Manufacturing	2,650	2,250	2,450	400	200
Service-producing	98,700	97,550	95,700	1,150	3,000
Transportation	10,800	10,350	10,650	450	150
Trucking & Warehousing	1,450	1,400	1,550	50	-100
Water Transportation	300	350	350	50	-50
Air Transportation	4,150	3,950	3,950	200	200
Communications	1,900	1,900	1,800	0	100
Trade	26,800	26,200	25,950	600	850
Wholesale Trade	6,500	6,250	6,100	250	400
Retail Trade	20,300	19,950	19,850	350	450
Gen. Merch. & Apparel	2,750	2,700	2,650	50	100
Food Stores	3,250	3,150	3,050	100	200
Eating & Drinking Places	8,000	7,800	7,900	200	100
Finance-Ins. & Real Estate	6,950	6,850	6,700	100	250
Services & Misc.	28,100	27,400	27,450	700	650
Hotels & Lodging Places	2,550	2,300	2,400	250	150
Government	26,050	26,750	24,950	-700	1,100
Federal	10,550	10,550	10,250	0	300
State	7,350	7,300	6,850	50	500
Local	8,150	8,900	7,850	-750	300

Fairbanks North Star Borough

	p/	r/		Changes from:	
	6/90	5/90	6/89	5/90	6/89
Total Nonag. Wage & Salary	28,600	27,100	28,250	1,500	350
Goods-producing	2,850	2,400	2,750	450	100
Mining	200	200	200	0	0
Construction	2,050	1,650	1,950	400	100
Manufacturing	600	550	600	50	0
Service-producing	25,750	24,700	25,500	1,050	250
Transportation	2,150	2,000	2,050	150	100
Trucking & Warehousing	550	450	450	100	100
Air Transportation	400	400	350	0	50
Communications	250	250	300	0	-50
Trade	6,650	6,100	6,600	550	50
Wholesale Trade	750	750	750	0	0
Retail Trade	5,900	5,350	5,850	550	50
Gen. Merch. & Apparel	600	550	700	50	-100
Food Stores	850	800	800	50	50
Eating & Drinking Places	2,600	2,250	2,500	350	100
Finance-Ins. & Real Estate	950	900	950	50	0
Services & Misc.	6,300	5,850	6,300	450	0
Government	9,700	9,850	9,600	-150	100
Federal	3,300	3,200	3,250	100	50
State	3,950	3,950	3,900	0	50
Local	2,450	2,700	2,450	-250	0

Anchorage-MatSu Region

	p/	r/		Changes from:	
	6/90	5/90	6/89	5/90	6/89
Total Nonag. Wage & Salary	118,850	116,200	114,200	2,650	4,[illegible]0
Goods-producing	13,150	11,800	11,950	1,350	1,200
Mining	3,800	3,750	3,600	50	200
Construction	6,600	5,700	5,800	900	800
Manufacturing	2,750	2,350	2,550	400	200
Service-producing	105,700	104,400	102,250	1,300	3,450
Transportation	11,400	11,050	11,200	350	200
Trade	28,650	28,000	27,600	650	1,050
Finance-Ins. & Real Estate	7,400	7,300	7,150	100	250
Services & Misc.	29,500	28,700	28,850	800	650
Government	28,750	29,350	27,450	-600	1,300
Federal	10,850	10,750	10,350	100	500
State	8,100	8,100	7,650	0	450
Local	9,800	10,500	9,450	-700	350

Interior Region

	p/	r/		Changes from:	
	6/90	5/90	6/89	5/90	6/89
Total Nonag. Wage & Salary	33,150	31,250	32,600	1,900	550
Goods-producing	3,200	2,600	3,050	600	150
Mining	400	350	350	50	50
Construction	2,150	1,700	2,050	450	100
Manufacturing	650	550	650	100	0
Service-producing	29,950	28,650	29,550	1,300	400
Transportation	2,500	2,250	2,400	250	100
Trade	7,200	6,550	7,100	650	100
Finance-Ins. & Real Estate	1,050	950	1,000	100	50
Services	7,050	6,450	7,000	600	50
Government	12,150	12,450	12,050	-300	100
Federal	4,050	3,850	4,000	200	50
State	4,300	4,250	4,250	50	50
Local	3,800	4,350	3,800	-550	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 17)

Source: Alaska Department of Labor, Research & Analysis Section

Table 3 (*cont. from page 16*)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 6/90	r/ 5/90	6/89	Changes from: 5/90	Changes from: 6/89
Total Nonag. Wage & Salary	35,500	33,850	34,350	1,650	1,150
Goods-producing	7,850	7,050	7,600	800	250
Mining	400	350	300	50	100
Construction	1,350	1,250	1,200	100	150
Manufacturing	6,100	5,450	6,100	650	0
Durable Goods	3,200	3,000	3,250	200	-50
Lumber & Wood Products	3,050	2,800	3,100	250	-50
Nondurable Goods	2,900	2,450	2,850	450	50
Seafood Processing	1,800	1,350	1,650	450	150
Pulp Mills	950	900	1,000	50	-50
Service-producing	27,650	26,800	26,750	850	900
Transportation	2,750	2,400	2,750	350	0
Trade	5,950	5,450	5,650	500	300
Wholesale Trade	700	700	600	0	100
Retail Trade	5,250	4,750	5,050	500	200
Finance-Ins. & Real Estate	1,100	1,050	1,050	50	50
Services & Misc.	5,650	5,350	5,450	300	200
Government	12,200	12,550	11,850	-350	350
Federal	2,300	2,250	2,200	50	100
State	5,550	5,550	5,450	0	100
Local	4,350	4,750	4,200	-400	150

Gulf Coast Region

	p/ 6/90	r/ 5/90	6/89	Changes from: 5/90	Changes from: 6/89
Total Nonag. Wage & Salary	25,600	23,100	29,700	2,500	-4,100
Goods-producing	7,400	5,900	7,200	1,500	200
Mining	850	850	850	0	0
Construction	1,350	1,150	1,350	200	0
Manufacturing	5,200	3,900	5,000	1,300	200
Seafood Processing	4,100	2,950	3,950	1,150	150
Service-producing	18,200	17,200	22,500	1,000	-4,300
Transportation	1,950	1,700	6,600	250	-4,650
Trade	4,350	4,050	4,350	300	0
Wholesale Trade	650	550	650	100	0
Retail Trade	3,700	3,500	3,700	200	0
Finance-Ins. & Real Estate	600	550	600	50	0
Services & Misc.	4,850	4,300	4,850	550	0
Government	6,450	6,600	6,100	-150	350
Federal	750	750	600	0	150
State	1,900	1,850	1,900	50	0
Local	3,800	4,000	3,600	-200	200

Northern Region

	p/ 6/90	r/ 5/90	6/89	Changes from: 5/90	Changes from: 6/89
Total Nonag. Wage & Salary	15,150	14,450	14,350	700	800
Goods-producing	6,650	5,850	6,150	800	500
Mining	5,950	5,250	5,350	700	600
Service-producing	8,500	8,600	8,200	-100	300
Government	4,250	4,500	4,300	-250	-50
Federal	300	300	300	0	0
State	350	350	350	0	0
Local	3,600	3,850	3,650	-250	-50

Southwest Region

	p/ 6/90	r/ 5/90	6/89	Changes from: 5/90	Changes from: 6/89
Total Nonag. Wage & Salary	16,600	15,700	16,300	900	300
Goods-producing	5,900	4,800	5,800	1,100	100
Seafood Processing	5,350	4,350	5,300	1,000	50
Service-producing	10,700	10,900	10,500	-200	200
Government	6,100	6,450	5,900	-350	200
Federal	1,400	1,350	1,350	50	50
State	550	550	550	0	0
Local	4,150	4,550	4,000	-400	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Trade, Services Enjoy Growth as Tourism Increases

Tourism's biggest impact is on private industry's two largest sectors — trade and services. Consequently, most of the seasonal increase in services is in the hotel/motel portion of the industry. However, almost all segments of this industry are showing job gains both seasonally and from year to year. These include business services, health care, legal and social services.

Over the year growth of services jobs slowed in June to 2.4%, but once again consideration of the spill cleanup comes into play. This sector of the economy grew faster than most others during 1989's peak months of oil spill cleanup. Last June, for example, services employment showed greater than 10% growth from the previous year. Some of that growth was undoubtedly a temporary burst of demand generated by the spill cleanup. Additional growth this June is a reassuring sign of a healthy economy.

Helping to take the place of last year's cleanup efforts is this year's tourist trade. Pre-season bookings were well above last year's, and as of mid-July the increase was confirmed by the large tour companies. The 1990 season could be the biggest ever for the state. Extending the season to the shoulder months of May and September is contributing to this growth.

Retail stores and restaurants, helped during the summer months by tourist dollars, had over the year job growth in June. However, other parts of the retail trade industry which are supported by the local population (such as car dealers and grocery stores) also posted growth.

Table 4

Alaska Hours and Earnings for Selected Industries 1/2

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 6/90	r/ 5/90	6/89	p/ 6/90	r/ 5/90	6/89	p/ 6/90	r/ 5/90	6/89
Mining	$1,113.12	$1,033.24	$1,031.80	48.0	45.1	46.9	$23.19	$22.91	$22.00
Construction	1,208.34	1,175.51	1,140.68	49.3	49.0	46.2	24.51	23.99	24.69
Manufacturing	550.71	614.10	461.00	43.5	44.5	36.5	12.66	13.80	12.63
Seafood Processing	439.62	444.69	315.02	43.1	45.1	33.8	10.20	9.86	9.32
Trans., Comm. & Utilities	607.17	587.83	619.20	35.8	33.9	37.1	16.96	17.34	16.69
Trade	403.74	395.22	403.47	35.2	34.1	35.8	11.47	11.59	11.27
Wholesale	562.77	548.91	544.31	39.0	37.7	39.3	14.43	14.56	13.85
Retail	347.13	341.78	356.72	33.8	32.8	34.7	10.27	10.42	10.28
Finance-Ins. & R.E	416.36	402.34	419.62	34.9	34.3	37.5	11.93	11.73	11.19

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

Finance, Insurance & Real Estate Sector is Expanding

Another sign of confidence in the economy was the June announcement of a new bank starting up. A group of Anchorage financiers plans to open a small state-chartered bank by this fall — a turnaround from the past few years when financial announcements were limited to bank consolidations and failures. Key Bank also announced in June that they would open a branch in Kodiak, using the building of a former savings and loan operation. This is the first June in many years that the finance, insurance and real estate industry showed job growth.

Census, Fires Boost Government Employment

Most of the over the year growth in federal employment can be attributed to the 1990 census, with several hundred staff doing follow-up work in June. Some of the increase in state employment was associated with this summer's wildfires in Interior Alaska. Because the fires were unusually large both in size and number, the state added over 200 fire fighters to the 700-800 normally hired during the fire season. An additional 700 emergency hires were made in July.

Local government jobs typically decline from May to June, as school employment drops for the summer months. Local government's 3.1% over the year increase is mostly in education. The governor's operating budget vetoes have left many local governments scrambling to make ends meet this year, and it will not be surprising to see over the year comparisons start to decline.

Summary: Jobs Increase, But At Slower Rate

A statewide employment increase of 1.7% appears sluggish, but not if last June's extraordinary job growth is taken into account. Not only did Alaska's economy make up for several thousand missing oil spill jobs this June, it managed to add 4,000 more. Employment increases kept the unemployment rate down to the second lowest for June, at 6.5%.

A good seafood harvest through June boosted manufacturing jobs, while ongoing and new construction projects contributed to an amazing job growth rate of almost 9% statewide.

The mining industry showed increased activity this June — in Cook Inlet and the North Slope for oil and gas, and in all regions of the state for hard rock mining. A booming tourist industry is contributing to more jobs in trade and services. A healthy sign is that the local population is also affecting employment in these two industries. The Gulf Coast region, where thousands of jobs were temporarily created last year during the oil spill cleanup, is the only region with less employment this June than last June.

Table 5

Labor Force By Region and Census Area

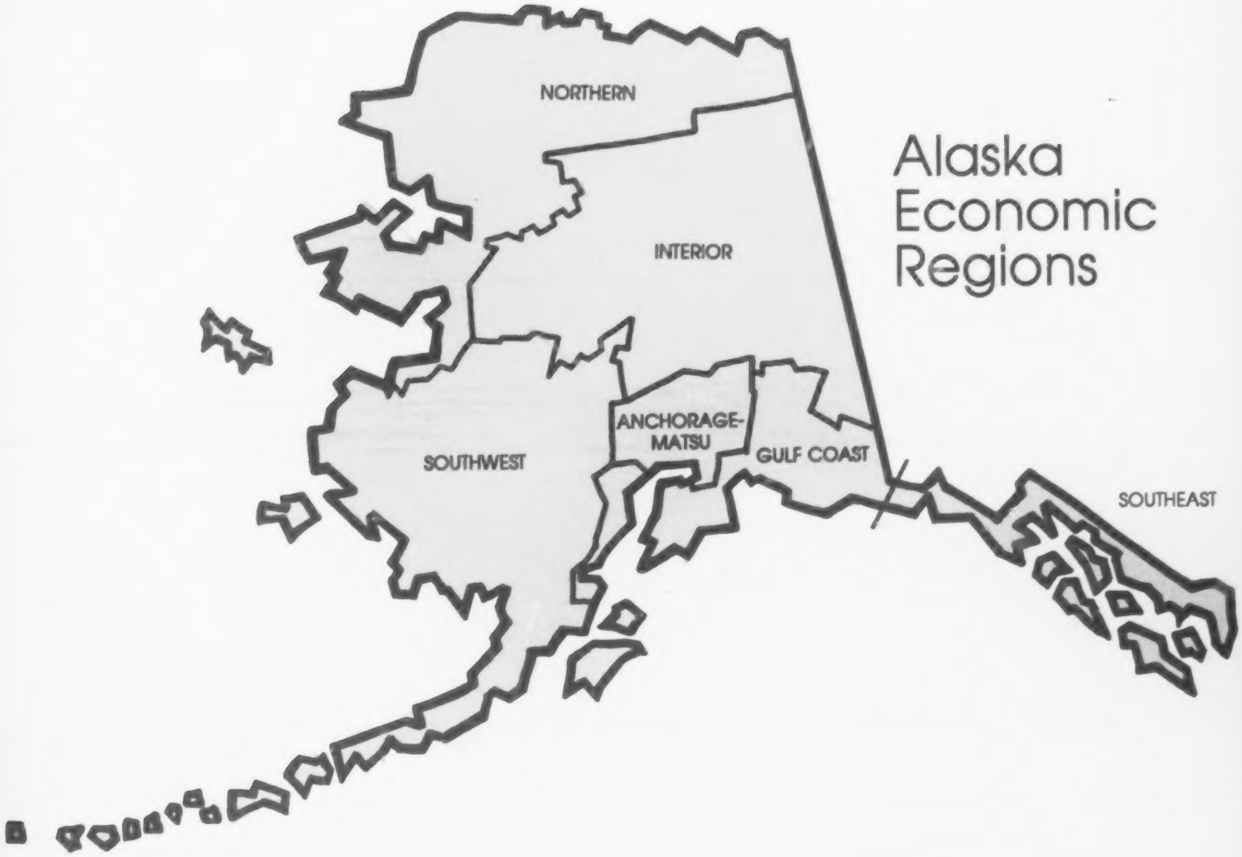
	Labor Force			Unemployment			Rate			Employment		
	p/ 6/90	r/ 5/90	6/89	p/ 6/90	r/ 5/90	6/89	p/ 6/90	r/ 5/90	6/89	p/ 6/90	r/ 5/90	6/89
Alaska Statewide	262,714	256,389	261,145	17,183	18,631	15,890	6.5	7.3	6.1	245,531	237,758	245,255
Anch.-MatSu Region	132,538	131,550	128,526	7,632	8,327	7,184	5.8	6.3	5.6	124,906	123,223	121,342
Municipality of Anchorage	116,998	116,001	113,634	5,773	6,291	5,565	4.9	5.4	4.9	111,225	109,710	108,069
MatSu Borough	15,540	15,549	14,892	1,859	2,036	1,619	12.0	13.1	10.9	13,681	13,513	13,273
Gulf Coast Region	32,393	30,099	36,145	2,923	3,253	1,894	9.0	10.8	5.2	29,470	26,846	34,251
Kenai Peninsula Borough	20,039	18,580	22,455	1,982	2,131	1,469	9.9	11.5	6.5	18,057	16,449	20,986
Kodiak Island Borough	7,285	6,605	8,218	405	337	221	5.6	5.1	2.7	6,880	6,268	7,997
Valdez-Cordova	5,069	4,914	5,472	536	785	204	10.6	16.0	3.7	4,533	4,129	5,268
Interior Region	37,550	36,322	37,127	3,133	3,561	3,001	8.3	9.8	8.1	34,417	32,761	34,126
Fairbanks North Star Bor.	32,444	31,238	31,995	2,602	2,831	2,405	8.0	9.1	7.5	29,842	28,407	29,590
Southeast Fairbanks	2,097	2,094	2,045	190	279	154	9.1	13.3	7.5	1,907	1,815	1,891
Yukon-Koyukuk	3,009	2,990	3,087	341	451	442	11.3	15.1	14.3	2,668	2,539	2,645
Northern Region	8,619	8,521	8,397	838	817	818	9.7	9.6	9.7	7,781	7,704	7,579
Nome	3,153	3,139	3,215	307	321	443	9.7	10.2	13.8	2,846	2,818	2,772
North Slope Borough	3,075	3,036	3,026	132	122	159	4.3	4.0	5.3	2,943	2,914	2,867
Northwest Arctic Borough	2,391	2,346	2,156	399	374	216	16.7	15.9	10.0	1,992	1,972	1,940
Southeast Region	37,625	36,363	36,992	1,980	2,036	2,207	5.3	5.6	6.0	35,645	34,327	34,785
Haines Borough	897	881	892	49	65	65	5.5	7.4	7.3	848	816	827
Juneau Borough	16,829	16,134	16,535	710	611	803	4.2	3.8	4.9	16,119	15,523	15,732
Ketchikan Gateway Bor	7,028	6,840	6,885	422	479	439	6.0	7.0	6.4	6,606	6,361	6,446
Pr. of Wales-Outer Ketch	2,864	2,826	2,880	235	294	315	8.2	10.4	10.9	2,629	2,532	2,565
Sitka Borough	4,397	4,193	4,288	198	149	191	4.5	3.6	4.5	4,199	4,044	4,097
Skagway-Yakutat-Angoon	1,804	1,783	1,765	163	202	163	9.0	11.3	9.2	1,641	1,581	1,602
Wrangell-Petersburg	3,806	3,706	3,747	203	236	231	5.3	6.4	6.2	3,603	3,470	3,516
Southwest Region	13,989	13,534	13,958	677	637	786	4.8	4.7	5.6	13,312	12,897	13,172
Aleutians East Borough	982	953	975	8	9	11	0.8	0.9	1.1	974	944	964
Aleutians West	2,764	2,681	2,753	34	36	52	1.2	1.3	1.9	2,730	2,645	2,701
Bethel	5,392	5,184	5,415	346	296	422	6.4	5.7	7.8	5,046	4,888	4,993
Bristol Bay Borough	527	513	529	12	14	20	2.3	2.7	3.8	515	499	509
Dillingham	2,508	2,450	2,482	97	115	97	3.9	4.7	3.9	2,411	2,335	2,385
Wade Hampton	1,816	1,753	1,804	180	167	184	9.9	9.5	10.2	1,636	1,586	1,620

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

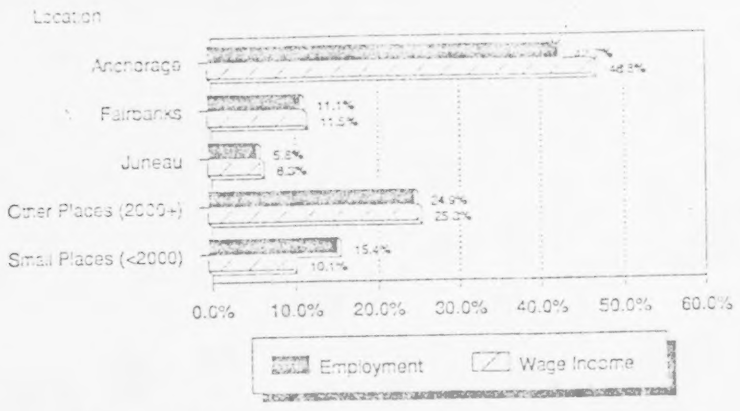
Alaska Economic Regions


NORTHERN
INTERIOR
SOUTHWEST
ANCHORAGE-MATSU
GULF COAST
SOUTHEAST

Errata

In Figure 1 of The Gender Gap article (September Trends, page 7), the legend should read "Employment/Wages" instead of "Females/Males" as shown in the graph below:

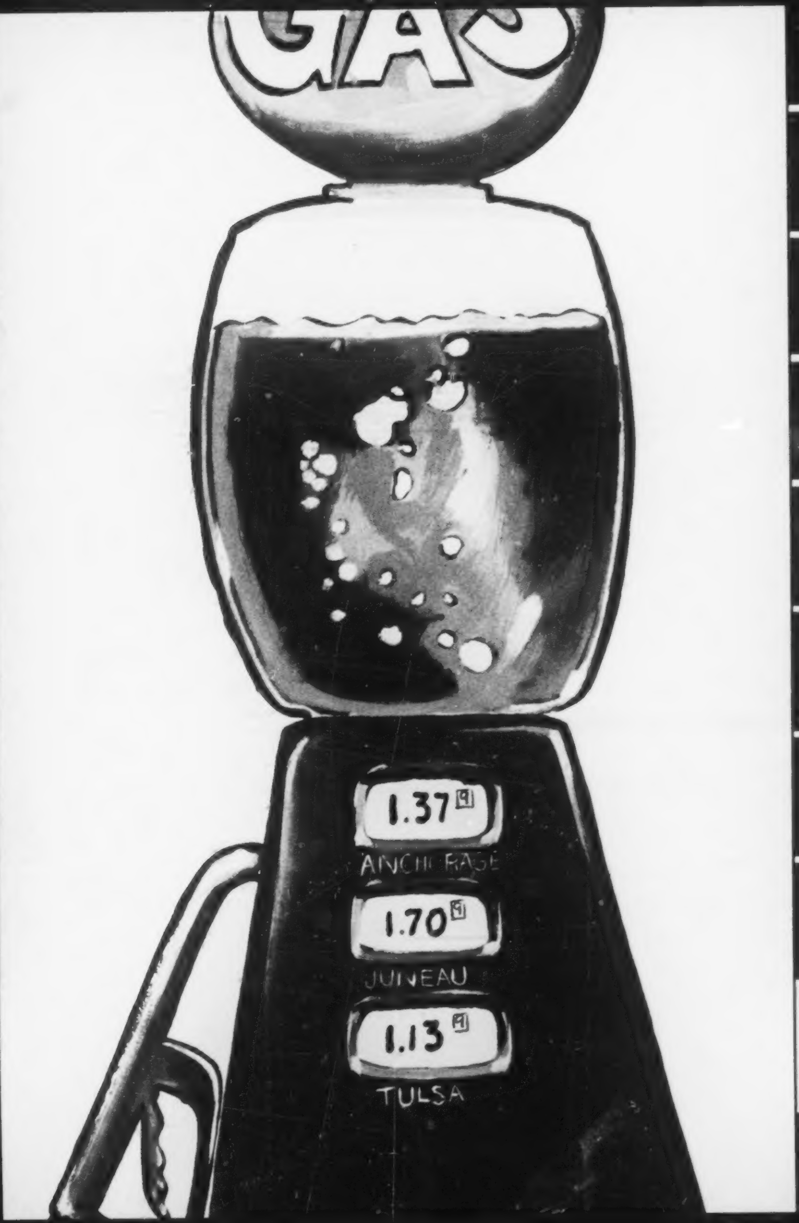
Distribution of Total Employment
& Annual Wage Income by Location
Alaska, 1988



Note: Data for 128,222 males & 113,102 females. Source: Ak. Department of Labor, Research & Analysis

ALASKA ECONOMIC

TRENDS


GAS
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TULSA

MEASURING ALASKA'S COST OF LIVING

EMPLOYMENT CLIMBS TO RECORD HIGHS IN 1990

October 1990

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

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Cover design by Jim Fowler

MADE IN ALASKA

A Guide to Measuring Alaska's Cost of Living

by James R. Wilson and Brian N. Rae

The cost of living in Alaska, and the way costs have changed over time, are the most frequently requested pieces of information available from the Alaska Department of Labor's Research and Analysis section. Unfortunately, getting a handle on the cost of living in Alaska is not a straightforward process.

A Measure of Inflation or Cost Differences by Area?

There are several different measures of the cost of living, and each has its strengths and weaknesses. First, decide if you are interested in the change in prices in one place over a period of time (commonly referred to as the inflation rate), or the cost difference between two places at one point in time. (Couched in questions like: How much more expensive is it to live in Fairbanks than Seattle?) Determining what you need to know will help select the best cost of living index for you.

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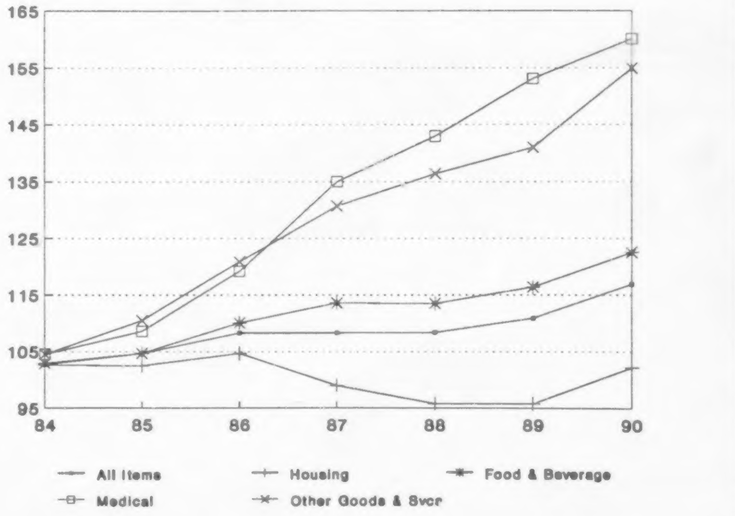
How Well Does the Survey's Market Basket Represent Your Buying Habits?

Since it is prohibitively expensive to price all items a consumer would purchase, cost of living surveys track price changes of a sample of items from various expenditure categories (such as housing expenses, medical expenses, food expenses, etc.). This sample of items is called the survey's market basket.

When you choose a cost of living survey, it's a good idea to know what the survey's market basket is, and what population's buying habits the survey is trying to simulate. All surveys either give a listing of the items which make up the market basket, or define the type of household which the market basket was designed to represent. For example, the Runzheimer data presented in this article assumes a family of four whose income level would be $32,000 in the average cost city of those surveyed.

Figure 1

Consumer Price Index — Anchorage
All Items & Selected Components 1984-1990*



* Data for first six months of year
Source: Alaska Department of Labor, Research and Analysis Section.

The Consumer Price Index — The Nation's Inflation Measure

The majority of requests about Alaska's cost of living relate to how prices have changed over time. The information is

Table 1

Consumer Price Index – Urban Consumers
All Items and Selected Components
U.S. & Alaska

	All Items				**All Items Less Shelter**				**Housing**		**Medical**		**Food & Beverage**	
Year	**U.S. annual average**	**Percent change**	**Anchorage annual average**	**Percent change**	**U.S. annual average**	**Percent change**	**Anchorage annual average**	**Percent change**	**U.S. annual average**	**Anchorage annual average**	**U.S. annual average**	**Anchorage annual average**	**U.S. annual average**	**Anchorage annual average**
1960	29.6		34.4											
1965	31.5	6.4%	35.3	2.6%										
1970	38.8	23.2	41.1	16.4										
1975	53.8	38.7	57.1	38.9										
1980	82.4	53.2	85.5	49.7	82.9		84.7		81.1	85.9	74.9	78.8	86.7	89.7
1981	90.9	10.3	92.4	8.1	91.0	9.8%	92.0	8.6%	90.4	92.5	82.9	86.9	93.5	94.3
1982	96.5	6.2	97.4	5.4	96.2	5.7	96.3	4.7	96.9	98.2	92.5	94.8	97.3	97.2
1983	99.6	3.2	99.2	1.8	99.8	3.7	99.9	3.7	99.5	99.0	100.6	99.7	99.5	99.7
1984	103.9	4.3	103.3	4.1	103.9	4.1	103.8	3.9	103.6	102.7	106.8	105.5	103.2	103.2
1985	107.6	3.6	105.8	2.4	107.0	3.0	107.5	3.6	107.7	103.0	113.5	110.9	105.6	106.2
1986	109.6	1.9	107.8	1.9	108.0	0.9	111.2	3.4	110.9	102.6	122.0	127.8	109.1	110.8
1987	113.6	3.6	108.2	0.4	111.6	3.3	115.1	3.5	114.2	97.5	130.1	137.0	113.5	113.1
1988	118.3	4.1	108.6	0.4	115.9	3.9	117.8	2.3	118.5	95.4	138.6	145.8	118.2	113.8
1989	124.0	4.8	111.7	2.9	121.6	4.9	122.3	3.8	123.0	96.3	149.3	154.4	124.9	117.2
1st half 1988	116.8		108.4		114.4		117.0		117.2	95.8	136.5	143.0	116.5	113.5
1st half 1989	122.7	5.1	110.9	2.3	120.4	5.2	121.4	3.8	121.7	95.8	146.3	153.1	123.6	116.4
1st half 1990	128.7	4.9	116.9	5.4	126.2	4.8	126.5	4.2	126.8	102.2	159.1	160.1	131.0	122.5

Notes: The most current Consumer Price Index data available for Alaska is for the first half of 1990.
For comparability, data for the first half of 1988 and 1989 are given to show the percentage change over the year.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

often used to adjust rents, wages or some other monetary payment for the effects of inflation. The Consumer Price Index (CPI) is the only survey designed to answer such questions.

The U.S. Department of Labor's Bureau of Labor Statistics produces the CPI in various metropolitan areas throughout the country. In Alaska, only Anchorage is surveyed. The shortcoming of having only Anchorage prices tracked is that while price trends in Anchorage reflect changes in the cost of living for many Alaskans, the results might not be appropriate in rural or even far removed urban areas of the state.

Table 1 and Figure 1 show Anchorage CPI data for various commodities over time. Returning to the concept of the market basket, items can be aggregated into commodity groups, such as food and beverages, housing, transportation, and health care. By analyzing the differences among groups, one can see which costs are rising at rates different from the overall CPI. For example, Figure 1 shows how medical costs have increased at a much more rapid rate than has the overall Anchorage CPI, while housing costs have lagged behind.

Housing Component Kept Anchorage Inflation Low Until Recently

Each commodity group is given a weight — its contribution to the overall cost of living. While health care costs have shot up in recent years, they account for only about 5% of the total cost of living. Housing costs, on the other hand, account for over 40% of the Anchorage CPI.

The strong influence that housing costs have on the overall Anchorage CPI has been particularly noticeable the last several years. (See Table 1, All Items Less Shelter and Housing Components.) Falling home and rental costs nearly offset increases in the other components of the CPI, so that the overall CPI rose only slightly. The recent increase in inflation in Anchorage can be partly accounted for by the improved housing market. With housing prices now increasing, the Anchorage CPI is showing a much higher rate of inflation than previously.

The housing cost component is unique in the CPI, in that it is one of the few durable goods priced. Other than automobiles, other items in the CPI are nondurables, or items generally consumed within a short time frame ranging from food (several days to a few weeks) to clothing (several months to a few years). The CPI data assumes a consumer has just purchased or rented a home. To gauge the change in prices, this seems a logical assumption. However, to get a true picture of the changes in costs a family faces, it might be inappropriate to assume rental agreements or mortgages are renegotiated every few months. For this reason, the overall CPI figures have understated the rate of inflation in Anchorage for many people during the past several years.

CPI Measures Inflation- Not Living Costs Between Locations

CPI users should be aware of a common misinterpretation of the CPI index. It most often occurs when users compare CPI numbers among areas. For example, the annual average Anchorage CPI for 1989 of 111.7 is lower than the United States' average of 124. This does not, however, mean that Anchorage has a lower cost of living than the average in the United States. The CPI measures inflation, and not costs. The fact that the Anchorage CPI number in 1989 is smaller than the overall U.S. index does not mean that Anchorage costs are lower, only that Anchorage prices have not inflated as quickly as elsewhere in the U.S. since the base period. (In this case the base period, or when the two indexes equaled 100, is 1982-84)

Costs could have actually risen by a greater amount, in dollar terms, in Anchorage and still be below the U.S. inflation rate. For example, if a product costs, on average, $5.00 in the U.S. but $10.00 in Anchorage, a 10% inflation rate would increase the price by 50 cents in the U.S. but by $1.00 in Anchorage.

Table 2

Cost of Food for a Week in Various Alaskan Communities March 1990

Community	Cost of Food, 1 Week	Ratio of Food Cost to Anchorage Average (percent)
Anchorage	$100.73	n/a
Bethel	150.74	150%
Cordova	139.39	138
Delta	129.89	129
Dillingham	167.50	166
Elim	177.75	176
Fairbanks	107.66	107
Homer	121.27	120
Juneau	100.22	99
Kenai	107.67	107
Ketchikan	94.70	94
Kodiak	126.33	125
MatSu [1]	104.01	103
McGrath	147.87	147
Nome	150.65	150
Petersburg	113.41	113
St. Paul	142.14	141
Sand Point	143.84	143
Sitka	112.51	112
Tok	129.01	128

Costs are for a family of four with elementary school children.

[1] Mat-Su area's 2% tax is the rate for Palmer and is not used in tabulating costs.

Sales tax included in food and utility cost

Source: "Cost of Food at Home for a Week," March 1990
University of Alaska Cooperative Extension Service
U.S. Dept. of Agriculture and SEA Grant Cooperating.

Place-to-Place Comparisons of Costs

There are several different indices which compare living costs between places. All of these cost of living indices have their strengths (and weaknesses), with some being more appropriate than others in certain circumstances. For example, some are not a comprehensive cost of living index, but focus on one specific part of the cost of living. An example of this type of survey is the Cost of Food at Home for a Week survey, done quarterly by the University of Alaska's Cooperative Extension Service.

Cost of Food at Home

The Cost of Food study measures the cost to feed various size families in different locations in Alaska. The report also contains comparative information on some utility and fuel costs. The Cost of Food at Home survey is not a comprehensive measure of the cost of living for communities in Alaska. The survey only compares food costs in various Alaska communities. One of its strengths is its wide geographic coverage. It provides comparative measures for locations not covered by any other cost index.

Comparing the cost of living between communities in Alaska is made difficult

Table 3

Cost of Food at Home for a Week 1978-1990

Month/Year	Anchorage	Fairbanks	Percent of Anchorage Average	Juneau	Percent of Anchorage Average	Bethel	Percent of Anchorage Average
9/78	$76.67	$84.15	109.8	$73.72	96.2	$114.05	148.8
12/79	85.80	91.92	107.1	77.55	90.4	120.44	140.4
9/80	88.44	90.54	102.4	85.92	97.2	130.87	148.0
9/81	86.69	98.47	113.6	93.95	108.4	138.66	159.9
9/82	77.30	92.09	119.1	99.98	129.3	125.50	162.4
9/83	81.66	83.79	102.6	88.62	108.5	128.30	157.1
9/84	84.22	91.26	108.4	91.66	108.8	136.54	162.1
9/85	89.06	90.08	101.1	106.61	119.7	138.13	155.1
9/86	87.25	90.61	103.9	87.65	100.5	137.96	158.1
9/87	88.90	85.12	95.7	88.24	99.3	140.81	158.4
9/88	90.99	94.74	104.1	92.95	102.2	137.57	151.2
9/89	93.80	94.33	100.6	96.73	103.1	140.65	149.9
3/90	100.73	107.66	106.9	100.22	99.5	150.74	149.6

Family of four with elementary school children. Sales tax included in food prices

- Data unavailable

Source: "Cost of Food at Home for a Week," September 1978 to March 1990
University of Alaska Cooperative Extension Service
U.S. Dept. of Agriculture and SEA Grant Cooperating.

(cont. on page 5)

by several factors. Many goods and services available in larger cities are not readily available in some rural areas. The buying habits of urban residents vary from people in rural communities. Different consumption patterns in urban and rural areas complicate comparisons in the cost of living. Subsistence contributions to some households also make cost of living comparisons more difficult. The Cost of Food survey assumes that all goods are purchased in the local community — none are acquired through subsistence means or from merchants outside of the community.

Food Costs Are Higher in Rural Alaska

Table 2 shows the cost of food for a week for a family of four with elementary school children for 20 Alaska communities. The March 1990 figures show that Anchorage has the lowest costs of the areas surveyed. The larger cities in Alaska have food costs which are fairly comparable to those in Anchorage. The Cost of Food survey has consistently shown that the most expensive cities are the smaller and more isolated communities. This continues to be true. In places such as Bethel, and Dillingham the costs are 50 to 70% higher than in Anchorage.

The Cost of Food study shows an interesting contrast between Alaska and other areas of the United States. In the lower 48, larger urban areas have higher costs for food and other goods and services than less populated areas. In rural areas of the nation the cost of living is typically less than in larger urban centers. The opposite is true for Alaska. The more rural Alaskan communities have costs for food and other basics, such as fuel, which are much greater than in the state's urban centers.

Table 3 is a time series of costs for the last 13 years. This table shows the difference in the cost of food between Anchorage and other Alaskan communities. It also shows the changes in costs over time within each community in the study.

ACCRA Cost of Living Index

Another place-to-place cost of living measure is provided by the American Chamber of Commerce Researchers Association (ACCRA). The ACCRA cost of living study compares costs for roughly 290 cities in the United States. The ACCRA study can be used to compare some costs among a few of Alaska's cities and other cities across the nation. In the ACCRA study, a standardized list of 59 items is priced during a fixed period of time. The items priced are intended to reflect the spending patterns of a mid-management household.

Although state and local taxes are certainly a part of the actual cost of living, the ACCRA index does not take them into account. Because of the limited number of items priced, differences in the ACCRA cost of living index less than three (such as 129 vs. 131) are statistically insignificant. A difference in the index greater than three can be considered to show a cost of living difference.

Table 3
(cont. from page 4)

Cost of Food at Home for a Week 1978-1990

Month/ Year	Nome	Percent of Anchorage Average	Kodiak	Percent of Anchorage Average	Kenai	Percent of Anchorage Average	Tok	Percent of Anchorage Average
9/78	$118.85	155.0	-	-	$82.48	107.6	-	-
12/79	124.62	145.2	-	-	100.41	117.0	-	-
9/80	131.14	148.3	$99.42	112.4	120.84	136.6	$108.82	123.0
9/81	150.27	173.3	-	-	-	-	114.80	132.4
9/82	149.04	192.8	-	-	-	-	-	-
9/83	130.14	159.4	104.94	128.5	86.98	106.5	-	-
9/84	142.07	168.7	115.97	137.7	87.97	104.5	121.66	144.5
9/85	152.41	171.1	108.17	121.5	91.47	102.7	116.19	130.5
9/86	142.04	162.8	105.49	120.9	92.78	106.3	124.18	142.3
9/87	147.96	166.4	104.39	117.4	96.95	109.1	117.51	132.2
9/88	147.69	162.3	116.68	128.2	95.53	105.0	119.69	131.5
9/89	-	-	124.61	132.8	104.20	111.1	139.43	148.6
3/90	150.65	149.6	126.33	125.4	107.67	106.9	129.01	128.1

ACCRA Index Places 4 Alaskan Cities Among Most Expensive

Five Alaskan cities participate in the quarterly ACCRA study — Anchorage, Fairbanks, Juneau, Ketchikan, and Kodiak. The latest published numbers (1st Quarter 1990) show that four of Alaska's cities are among the 10 highest cost areas studied. (See Table 4.) Anchorage has the lowest index of the Alaska cities in the ACCRA study. According to the index Anchorage has a cost of living roughly 27% higher than the all cities' average. Some cities known to have a high cost of living, such as Boston, New York, and Washington D.C. are not included in the current data.

The Alaska cities in the ACCRA study have the highest costs for several of the six major components of the ACCRA index. (See Table 4.) For example, Ketchikan was tops for transportation, health care, and miscellaneous. Alaska's cities had the highest index numbers for groceries and health care.

ACCRA Points to a Smaller Difference in Housing Costs

Housing costs have always been thought of as exceptionally high in Alaska. Although they may be high, the ACCRA housing index shows that some areas in the nation have comparable housing costs. Generally the lowest rankings for Alaska's cities were in the ACCRA housing cost index. The Anchorage utilities index was lower than about one-half of the cities in the ACCRA study.

Comparative figures for Alaskan cities and other cities around the nation are presented in Tables 5 and 6. Table 5 shows the ACCRA cost of living indexes while Table 6 contains prices for some of the goods and services in the ACCRA study.

The ACCRA cost of living study is designed around spending patterns found in major American urban centers. The data collected in the pricing survey is an attempt to match the items found in the larger areas. This process tends to ignore living costs found in atypical areas.

Table 4

ACCRA Cost of Living Index
First Quarter 1990
Ranking of 20 Highest Index Cities

City	Total Index	Grocery	Housing	Util.	Transp.	Health	Misc.
Nassau-Suffolk, NY	159.3	118.2	237.0	219.1	128.1	137.2	122.3
KODIAK, AK *	148.3	143.5	167.0	191.7	113.0	181.2	129.1
KETCHIKAN, AK	147.9	137.5	153.2	145.8	137.6	202.5	142.3
New London, CT	137.5	117.5	210.5	126.3	114.1	129.8	111.5
San Diego, CA	132.8	104.7	216.1	74.2	134.6	132.3	108.4
JUNEAU, AK	132.8	126.2	128.6	163.9	121.0	193.6	119.3
Orange County, CA	130.7	103.3	226.7	73.5	104.7	133.1	107.5
Hartford, CT	130.1	116.2	161.4	124.0	114.2	141.1	121.7
San Jose, CA	129.3	106.4	218.6	84.0	105.8	135.1	102.3
FAIRBANKS, AK	128.2	126.0	104.9	139.7	130.2	187.8	127.7
Ventura County, CA	127.9	103.3	225.8	66.8	101.9	123.4	104.9
Philadelphia, PA	127.5	114.9	139.9	171.6	108.9	136.7	115.4
Los Angeles County, CA	127.4	103.3	211.3	75.6	102.1	128.5	109.2
ANCHORAGE, AK	127.3	129.3	126.0	94.6	118.4	186.5	129.2
Meriden, CT	126.9	107.4	181.2	103.6	102.1	123.0	118.3
Manchester, NH	120.8	102.0	155.5	140.8	107.4	114.7	105.8
Palm Springs, CA	120.3	103.6	158.0	91.6	114.7	129.0	113.1
Montpelier-Barre, VT	119.0	105.8	147.8	161.7	104.3	98.9	100.8
Temecula, CA	118.0	98.8	159.5	100.4	106.3	125.6	107.6
Wilmington, DE	117.4	104.1	125.1	139.2	98.8	122.3	118.2
Ranking of Alaska Cities by Category							
Anchorage, AK	14	3	27	173	7	5	2
Fairbanks, AK	10	5	83	7	3	4	4
Juneau, AK	6	4	25	4	6	3	6
Ketchikan, AK	3	2	14	5	1	1	1
Kodiak, AK	2	1	9	2	14	2	3

Source: Cost of Living Index (291 Cities) 1st Quarter 1990, American Chamber of Commerce Researchers Association.

* Kodiak data 4th Quarter 1989, and is not comparable to 1st Quarter 1990 data.

For example the transportation costs in the ACCRA study include items such as bus fare, the price of a gallon of gasoline, and automobile wheel balancing.

For many areas in Alaska, such as Juneau, Ketchikan, and Kodiak, a typical living cost may include expensive transportation just to leave town. Air fare, which may be a luxury or just one option for travel elsewhere, is an essential in many areas of Alaska. This example illustrates how the ACCRA index might understate the differences between some of Alaska's cities and the all cities' average.

The Runzheimer Living Cost Index

A slightly different approach to calculating the differences among cities is taken in a study commissioned by the Alaska Department of Labor. Runzheimer International, a private research firm, looked at the comparative incomes necessary to maintain a certain standard of living in 253 different areas of the country. This income approach takes into account certain elements often left out of other cost of living measures, such as an area's tax rates.

For this study, a "base" family was created — two parents, two children, living in a 1,500 square foot home with 3 bedrooms and 1.5 baths, driving two automobiles. This family had an income of $32,000 in Standard City, a fictitious city which had costs close to the median of all the cities in the survey. The standard of living attainable in Standard City was then priced in each of the surveyed areas.

The most recent Runzheimer survey, using October 1989 data, shows Alaska's cities to have quite moderate costs com-

Table 5

ACCRA Cost of Living Index
First Quarter 1990

City	All Items Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc. Goods & Services
West							
ANCHORAGE, AK	127.3	129.3	126.0	94.6	118.4	186.5	129.2
FAIRBANKS, AK	128.2	126.0	104.9	139.7	130.2	187.8	127.7
JUNEAU, AK	132.8	126.2	128.6	163.9	121.0	193.6	119.3
KETCHIKAN, AK	147.9	137.5	153.2	145.8	137.6	202.5	142.3
KODIAK, AK *	148.3	143.5	167.0	191.7	113.0	181.2	129.1
Salt Lake City, UT	92.9	90.0	82.3	86.4	95.2	95.0	103.3
San Diego, CA	132.8	104.7	216.1	74.2	134.6	132.3	108.4
Seattle, WA	113.2	110.4	137.7	64.0	117.6	136.5	107.6
Southwest							
Albuquerque, NM	99.1	96.3	105.2	98.8	100.9	102.1	95.0
Dallas, TX	103.1	105.4	98.9	108.9	110.0	106.8	98.8
Phoenix, AZ	101.1	95.7	98.7	96.3	104.6	115.2	102.9
Midwest							
Minneapolis, MN	102.9	92.8	112.3	105.2	106.0	107.5	98.6
Omaha, NE	91.2	93.1	85.6	90.4	102.3	83.8	91.5
Saint Louis, MO	98.2	94.7	97.3	111.1	98.6	97.3	96.1
Southeast							
Augusta, GA	99.3	96.2	88.8	115.6	102.3	94.0	102.6
Montgomery, AL	99.3	97.2	88.8	115.2	95.9	105.4	102.5
Louisville, KY	93.1	94.6	91.0	79.4	102.4	88.4	95.9
Atlantic/New England							
Baltimore, MD	111.4	106.0	114.1	108.1	112.8	111.5	112.9
Philadelphia, PA	127.5	114.9	139.9	171.6	108.9	136.7	115.4
Wilmington, DE	117.4	104.1	125.1	139.2	98.8	122.3	118.2

Source: Cost of Living Index (291 Cities) 1st Quarter 1990, American Chamber of Commerce Researchers Association.

* Kodiak data from 4th Quarter 1989, and is not comparable to 1st Quarter 1990 data.

pared to the other areas surveyed. In this survey, costs were only 2.9% to 5.9% above Standard City. (See Table 7.)

One assumption critical to the results of the survey was the duration of home ownership. Like the Consumer Price Index and ACCRA surveys, the guidelines in the Runzheimer survey assume a recent home purchase. The volatility of the Alaska housing market greatly impacted the cost of housing in the results. Mortgage payments accounted for 25% of the family's total living costs in Standard City. Anchorage was only slightly higher than 25%, while Juneau and Fairbanks were between 20% and 25% of total living costs going towards mortgage payments.

Several years ago, when Alaska's real estate prices were at their highest, a larger share of total income went towards housing costs. Some of the higher cost areas of the country see the greatest difference in the housing cost component — in Los Angeles over 40% of total living costs go towards mortgage payments. Those persons who bought a home several years ago are paying off higher mortgages than those reported in the Runzheimer report. As Alaska's housing market recovers, mortgage costs will again rise, increasing total living costs.

Summary — Assess Your Needs and Be Aware of Index Limitations

The first question one must answer when looking for cost of living information is what type of comparison needs to be made. Is one interested in how costs changed over time, or how costs differ between places? Answering this ques-

Table 6

ACCRA Cost of Living Index
Cost of Select Items in Select Cities
First Quarter 1989

City	1 lb Ground Beef	1/2 gal Whole Milk	1 lb Coffee	House Purchase Price	Total Energy Cost	1 gal Gas	Hospital Room	Office Visit Doctor
West								
ANCHORAGE, AK	$1.69	$2.01	$3.59	$123,785	$106.58	$1.10	$452.50	$60.00
FAIRBANKS, AK	1.79	1.97	3.45	99,333	160.14	1.22	326.00	53.80
JUNEAU, AK	1.67	1.84	3.25	125,000	185.22	1.45	380.00	43.80
KETCHIKAN, AK	1.66	2.04	3.63	156,000	173.32	1.45	425.00	56.50
KODIAK, AK *	1.76	1.96	3.46	157,500	218.77	1.41	312.00	41.60
Salt Lake City, UT	1.01	1.43	2.79	83,640	93.83	0.93	268.20	26.00
San Diego, CA	1.65	1.26	2.47	227,000	80.51	1.07	419.00	39.40
Seattle, WA	1.62	1.33	3.02	143,329	65.70	0.92	309.85	41.00
Southwest								
Albuquerque, NM	1.35	1.49	2.57	107,398	105.46	1.03	273.00	31.00
Dallas, TX	1.62	1.66	2.07	95,698	120.26	0.94	270.43	35.28
Phoenix, AZ	1.28	1.20	2.07	95,823	106.70	1.03	298.38	34.50
Midwest								
Minneapolis, MN	1.10	1.36	2.51	117,470	115.23	1.09	339.00	29.40
Omaha, NE	1.44	1.21	2.25	86,940	95.85	0.99	206.40	29.20
Saint Louis, MO	1.39	1.32	2.77	98,765	123.23	0.92	250.60	33.70
Southeast								
Augusta, GA	1.69	1.50	2.01	94,400	127.98	0.98	237.50	30.60
Montgomery, AL	1.64	1.67	2.53	90,000	125.49	1.03	223.50	39.40
Louisville, KY	1.67	1.38	2.37	88,130	80.11	1.03	287.68	27.00
Atlantic/New England								
Baltimore, MD	1.43	1.39	2.71	123,154	116.20	1.06	312.40	31.20
Wilmington, DE	1.69	1.22	2.51	134,751	158.16	0.95	371.33	30.40
Philadelphia, PA	1.51	1.10	2.99	141,800	199.14	1.04	420.40	44.20
ALL CITIES MEAN	1.51	1.41	2.54	104,108	109.06	1.04	256.09	30.10

All cities mean is the mean price of all 291 cities in the 1st quarter 1990 survey.

Source: Inter-City Cost of Living Index.(291 Cities) 1st Quarter 1990, American Chamber of Commerce Researchers Association.

* Kodiak data 4th Quarter 1989, and is not strictly comparable to 1st Quarter 1990 data.

tion narrows the field of appropriate cost of living surveys.

Next a decision must be made on the suitability of different surveys — some surveys look at part of the total cost of living package, such as the Cost of Food at Home survey. Some surveys might look at a population unlike the one being studied. The ACCRA surveys might not reflect the cost of living for poverty income level families, because it emulates a midmanagement families' spending patterns

In Alaska, particularly in smaller communities, survey choices are few. Only the Cost of Food at Home and the ACCRA Cost of Living Index include more than the three largest Alaska cities. These surveys have certain limitations in the scope of goods priced. For this reason, a data user might be forced to use an index which only approximates cost of living differences.

Given these limitations, most cost of living questions involve some sort of compromise answer. Still, the indexes mentioned in this article provide information to help answer these questions. When used with proper care, the information can help you compare how far your dollar will go.

Table 7

Runzheimer International Living Cost Standards
October 1989

City	Total Costs	Percent of Standard City	Trans-portation	Percent of Standard City	Housing	Percent of Standard City	Misc. Goods & Services, Other	Percent of Standard City
Anchorage	$33,886	105.9%	$4,476	116.8%	$13,914	110.4%	$10,727	107.7%
Fairbanks	32,939	102.9	4,422	115.4	12,462	98.8	10,949	109.9
Juneau	33,343	104.2	4,268	111.3	12,835	101.8	11,260	113.0
STANDARD CITY	32,000	—	3,833	—	12,607	—	9,961	—
Albuquerque	31,174	97.4	3,756	98.0	12,163	96.5	9,872	99.1
Atlanta	32,957	103.0	4,193	109.4	12,889	102.2	10,227	102.7
Augusta	32,614	101.9	3,672	95.8	14,157	112.3	9,775	98.1
Birmingham	29,871	93.3	3,615	94.3	10,054	79.7	9,970	100.1
Boston	41,681	130.3	4,678	122.0	22,149	175.7	9,887	99.3
Chicago	36,386	113.7	4,194	109.4	16,459	130.6	10,630	106.7
Dallas	30,959	96.7	4,178	109.0	11,360	90.1	10,307	103.5
Denver	30,898	96.6	4,158	108.5	11,438	90.7	9,554	95.9
Detroit	34,394	107.5	4,323	112.8	14,942	118.5	9,891	99.3
Honolulu	39,658	123.9	4,790	125.0	18,311	145.2	12,230	122.8
Indianapolis	30,784	96.2	3,879	101.2	11,033	87.5	9,708	97.5
Jacksonville	30,531	95.4	3,931	102.6	11,290	89.6	10,232	102.7
Los Angeles	41,748	130.5	5,386	140.5	22,235	176.4	10,356	104.0
Milwaukee	32,556	101.7	3,713	96.9	13,228	104.9	9,698	97.4
New York City	44,359	138.6	6,584	171.8	22,986	182.3	10,719	107.6
Philadelphia	37,559	117.4	4,891	127.6	16,322	129.5	10,165	102.0
Portland	32,197	100.6	4,029	105.1	12,555	99.6	9,590	96.3
San Francisco	48,025	150.1	5,067	132.2	29,505	234.0	10,635	106.8
Seattle	33,254	103.9	4,183	109.1	13,992	111.0	10,453	104.9
St. Louis	32,270	100.8	3,785	98.7	12,674	100.5	9,938	99.8
Washington, D.C.	39,176	122.4	4,303	112.3	19,845	157.4	10,509	105.5

Source: Runzheimer's Living Cost Index, October, 1989.

Summary of Cost of Living Indexes

Survey	Population	Strength	Weakness
Consumer Price Index	All urban consumers(CPI-U) or urban wage and clerical workers (CPI-W).	Measures costs in one location over time; the only available inflation measure.	Can only compare the change in the cost-of-living for different locations; only available for Anchorage.
ACCRA Cost of Living Index	Midmanagement level family.	Compares many locations to a national average.	No tracking of changes over time; lacks consistency in price collection.
Cost of Food at Home Study	Lower income individuals or families.	Compares minimum food costs for smaller Alaskan communities excluded from other studies.	No good comparison of national data; only looks at food costs, not entire cost of living.
Runzheimer's Living Cost Index	Family with $32,000 in income, living in average cost city.	Considers income needed to maintain a specific standard of living in different cities; includes taxes.	Does not directly address differences in prices.

Employment Climbs To Record Highs In 1990

by Neal Fried

About the author:

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If we measure Alaska's economy by the number of wage and salary jobs available, then it is fair to say the economy reached a new milestone in 1990. Since February, Alaska's wage and salary employment climbed above the previous 1985 highs and July was no exception. (See Figure 1.) Not only has Alaska's employment recovered the ground lost during the last recession (20,600 jobs) but it has also gained some. In hindsight, and from an employment standpoint, it can now be said the recession ended in 1988 and the economy fully recovered in 1990.

Some Regions Are Recovering More Than Others

The Northern, Gulf Coast, Southwest, and Southeast regions of the state have more employment than they did in 1985. These regions experienced small or no employment declines during the post-1985 recession. The oil revenue declines did not affect their primary basic industries such as timber and fishing.

The Northern region's story is altogether different. Declines in this region's oil and construction industries led to sharp employment declines. The construction industry has not recovered to it's previous peak, but oil industry employment reached new highs in 1990. In addition to the oil industry recovery, hard rock mining has breathed new life into the region. Employment in this industry is now five times what it was in 1985. Gold mining in the Nome region has grown substantially, and the Red Dog lead and zinc mine, employing as many as 300 people, began to operate in late 1989.

The Railbelt — Anchorage, Fairbanks, and the communities in between — along with part of the Kenai Peninsula and a few other areas, have yet to reach their pre-recessionary employment highs of 1985 but they are all well on their way.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

				Changes from:	
	p/ 7/90	r/ 6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	251,500	245,000	249,000	6,500	2,500
Goods-producing	50,800	44,100	48,300	6,700	2,500
Mining	11,600	11,400	10,500	200	1,100
Construction	13,200	12,600	12,500	600	700
Manufacturing	26,000	20,100	25,300	5,900	700
Durable Goods	4,600	4,600	4,500	0	100
Lumber & Wood Products	3,600	3,600	3,600	0	0
Nondurable Goods	21,400	15,500	20,800	5,900	600
Seafood Processing	17,500	11,600	17,000	5,900	500
Pulp Mills	900	900	1,000	0	-100
Service-producing	200,700	200,900	200,700	-200	0
Transportation	21,100	20,900	26,000	200	-4,900
Trucking & Warehousing	2,600	2,600	2,600	0	0
Water Transportation	1,400	1,400	1,700	0	-300
Air Transportation	7,000	6,900	6,700	100	300
Communications	3,300	3,300	3,300	0	0
Trade	48,800	48,100	47,500	700	1,300
Wholesale Trade	9,000	8,700	8,700	300	300
Retail Trade	39,800	39,400	38,800	400	1,000
Gen. Merch. & Apparel	5,700	5,500	5,600	200	100
Food Stores	7,200	7,200	6,600	0	600
Eating & Drinking Places	14,500	14,500	14,300	0	200
Finance-Ins. & Real Estate	10,900	10,900	10,600	0	300
Services & Misc.	51,700	51,000	50,600	700	1,100
Hotels & Lodging Places	6,700	6,500	6,500	200	200
Government	68,200	70,000	66,000	-1,800	2,200
Federal	19,400	19,500	19,000	-100	400
State	21,200	21,000	20,300	200	900
Local	27,600	29,500	26,700	-1,900	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates

r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Most industries in these areas have reached 1985 levels. Fewer jobs in a couple of industries are preventing total employment from achieving an overall recovery; the construction industry is the number one culprit.

Construction, Finance Sectors Still Lag

Although total industry employment statewide has reached a new high, the construction work force is half its prerecessionary size. (See Figure 2.) Given this fact, and the fact that nearly half of the construction employment was located in Anchorage, it is not surprising that Anchorage's total employment has not yet reached its 1985 peak. Total construction valuation in Anchorage will do well to hit $150 million in 1990—a long way from the $1+ billion valuation of 1983. The picture in Fairbanks and other railbelt communities is not much different. Fairbanks construction employment is slightly over half the size it was in 1985.

The other industry that is a long way from full recovery is the finance-insurance and real estate sector. It began recovering this year but is still a long way from recouping its losses. A dozen financial institutions closed their doors and few new ones have entered the market to fill this vacuum. These losses particularly hurt Anchorage, headquarters for many of these institutions.

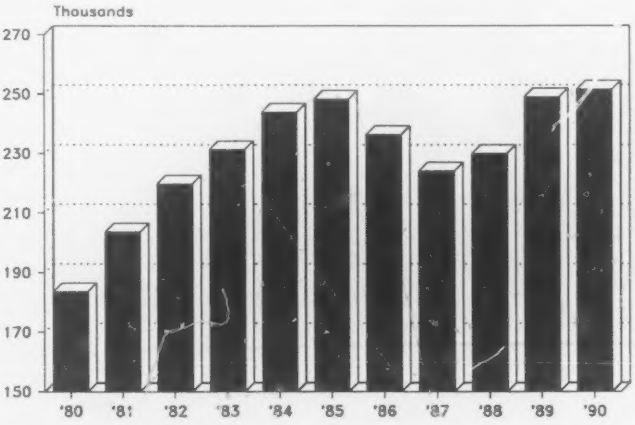
July's Unemployment Rate A Strong Indicator Of Recovery

The state's unemployment rate of 5.3% in July was another bit of welcome news for Alaska's economy. (See Table 4.) Although this rate is slightly higher than last year's, it is one of the lowest on record for July. July's rate was lower than the national average—an unusual occurrence. (See Figure 3.)

Alaska's low unemployment rate is a reflection of both the relatively robust Alaska economy and the national job market. The healthy labor market elsewhere, particularly in the western states, has meant fewer job seekers coming to Alaska during this recovery than during previous ones.

Figure 1

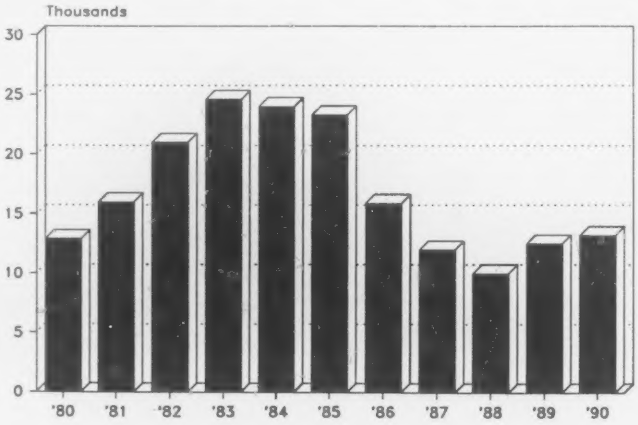
Alaska's Economy Recovers — July Employment, 1980-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Figure 2

Alaska's July Construction Employment, 1980-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Table 2

Nonagricultural Wage and Salary Employment
By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	112,300	111,950	108,150	350	4,150
Goods-producing	13,450	12,750	12,400	700	1,050
Mining	3,800	3,850	3,450	-50	350
Construction	6,700	6,250	6,200	450	500
Manufacturing	2,950	2,650	2,750	300	200
Service-producing	98,850	99,200	95,750	-350	3,100
Transportation	11,100	10,950	10,900	150	200
Trucking & Warehousing	1,550	1,550	1,500	0	50
Water Transportation	300	300	350	0	-50
Air Transportation	4,350	4,250	4,150	100	200
Communications	2,000	1,900	1,850	100	150
Trade	26,750	26,700	25,750	50	1,000
Wholesale Trade	6,400	6,350	6,150	50	250
Retail Trade	20,350	20,350	19,600	0	750
Gen. Merch. & Apparel	2,700	2,750	2,750	-50	-50
Food Stores	3,250	3,300	3,000	-50	250
Eating & Drinking Places	8,000	7,900	7,900	100	100
Finance-Ins. & Real Estate	6,950	6,900	6,750	50	200
Services & Misc.	27,950	28,200	27,450	-250	500
Hotels & Lodging Places	2,650	2,550	2,550	100	100
Government	26,100	26,450	24,900	-350	1,200
Federal	10,350	10,500	10,150	-150	200
State	7,250	7,350	6,750	-100	500
Local	8,500	8,600	8,000	-100	500

Fairbanks North Star Borough

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	28,850	28,700	28,300	150	550
Goods-producing	2,900	2,850	2,800	50	100
Mining	200	200	200	0	0
Construction	2,100	2,050	2,000	50	100
Manufacturing	600	600	600	0	0
Service-producing	25,950	25,850	25,500	100	450
Transportation	2,200	2,200	2,100	0	100
Trucking & Warehousing	550	550	450	0	100
Air Transportation	400	400	400	0	0
Communications	200	250	250	-50	-50
Trade	6,600	6,650	6,500	-50	100
Wholesale Trade	800	750	750	50	50
Retail Trade	5,800	5,900	5,750	-100	50
Gen. Merch. & Apparel	650	650	750	0	-100
Food Stores	850	850	800	0	50
Eating & Drinking Places	2,400	2,550	2,350	-150	50
Finance-Ins. & Real Estate	950	950	900	0	50
Services & Misc.	6,550	6,350	6,500	200	50
Government	9,650	9,700	9,500	-50	150
Federal	3,300	3,300	3,250	0	50
State	4,000	3,950	3,900	50	100
Local	2,350	2,450	2,350	-100	0

Anchorage-MatSu Region

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	119,550	118,850	115,350	700	4,200
Goods-producing	13,850	13,100	13,050	750	800
Mining	3,800	3,850	3,650	-50	150
Construction	6,950	6,500	6,450	450	500
Manufacturing	3,100	2,750	2,950	350	150
Service-producing	105,700	105,750	102,300	-50	3,400
Transportation	11,750	11,550	11,450	200	300
Trade	28,700	28,600	27,700	100	1,000
Finance-Ins. & Real Estate	7,350	7,400	7,200	-50	150
Services & Misc.	29,550	29,600	28,850	-50	700
Government	28,350	28,600	27,100	-250	1,250
Federal	10,500	10,650	10,250	-150	250
State	8,000	8,100	7,600	-100	400
Local	9,850	9,850	9,250	0	600

Interior Region

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	33,550	33,300	32,750	250	800
Goods-producing	3,300	3,250	3,100	50	200
Mining	400	400	350	0	50
Construction	2,250	2,200	2,100	50	150
Manufacturing	650	650	650	0	0
Service-producing	30,250	30,050	29,650	200	600
Transportation	2,500	2,500	2,450	0	50
Trade	7,100	7,200	7,000	-100	100
Finance-Ins. & Real Estate	1,000	1,050	1,000	-50	0
Services	7,350	7,050	7,250	300	100
Government	12,300	12,250	11,950	50	350
Federal	4,100	4,100	4,000	0	100
State	4,650	4,350	4,350	300	300
Local	3,550	3,800	3,600	-250	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	36,850	35,500	35,500	1,350	1,350
Goods-producing	8,850	7,850	8,550	1,000	300
Mining	400	400	300	0	100
Construction	1,450	1,350	1,350	100	100
Manufacturing	7,000	6,100	6,900	900	100
Durable Goods	3,250	3,200	3,250	50	0
Lumber & Wood Products	3,050	3,050	3,100	0	-50
Nondurable Goods	3,750	2,900	3,650	850	100
Seafood Processing	2,600	1,800	2,500	800	100
Pulp Mills	950	950	1,000	0	-50
Service-producing	28,000	27,650	26,950	350	1,050
Transportation	2,750	2,700	2,750	50	0
Trade	6,000	5,800	5,800	200	200
Wholesale Trade	700	700	650	0	50
Retail Trade	5,300	5,100	5,150	200	150
Finance-Ins. & Real Estate	1,150	1,100	1,100	50	50
Services & Misc.	5,700	5,650	5,600	50	100
Government	12,400	12,400	11,700	0	700
Federal	2,400	2,350	2,250	50	150
State	5,800	5,700	5,350	100	450
Local	4,200	4,350	4,100	-150	100

Gulf Coast Region

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	28,000	25,500	32,700	2,500	-4,700
Goods-producing	10,250	7,400	9,950	2,850	300
Mining	850	850	850	0	0
Construction	1,350	1,350	1,400	0	-50
Manufacturing	8,050	5,200	7,700	2,850	350
Seafood Processing	6,900	4,100	6,650	2,800	250
Service-producing	17,750	18,100	22,750	-350	-5,000
Transportation	2,000	1,950	7,000	50	-5,000
Trade	4,400	4,350	4,450	50	-50
Wholesale Trade	700	650	700	50	0
Retail Trade	3,700	3,700	3,750	0	-50
Finance-Ins. & Real Estate	600	600	600	0	0
Services & Misc.	4,900	4,850	4,950	50	-50
Government	5,850	6,350	5,750	-500	100
Federal	700	700	600	0	100
State	1,900	1,900	2,000	0	-100
Local	3,250	3,750	3,150	-500	100

Northern Region

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	15,350	15,250	14,000	100	1,350
Goods-producing	6,950	6,700	6,150	250	800
Mining	6,150	6,000	5,200	150	950
Service-producing	8,400	8,550	7,850	-150	550
Government	4,000	4,300	3,700	-300	300
Federal	300	300	300	0	0
State	350	350	300	0	50
Local	3,350	3,650	3,100	-300	250

Southwest Region

	p/	r/		Changes from:	
	7/90	6/90	7/89	6/90	7/89
Total Nonag. Wage & Salary	18,150	16,700	17,800	1,450	350
Goods-producing	7,700	5,900	7,600	1,800	100
Seafood Processing	7,100	5,350	7,050	1,750	50
Service-producing	10,450	10,800	10,200	-350	250
Government	5,450	6,100	5,300	-650	150
Federal	1,350	1,400	1,350	-50	0
State	550	550	550	0	0
Local	3,550	4,150	3,400	-600	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

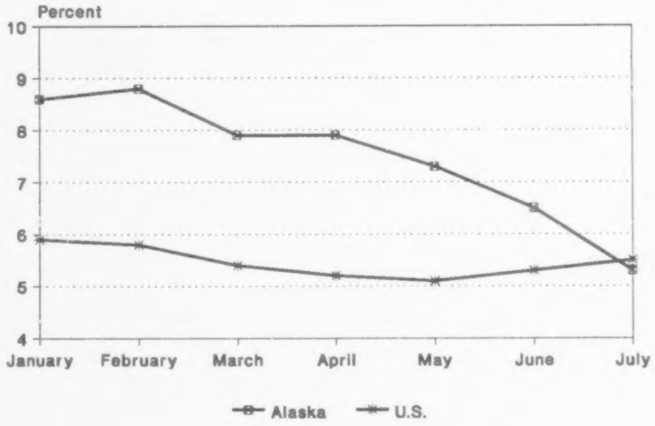
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Figure 3

Unemployment Rates In 1990 — Alaska & U.S.



Source: Alaska Department of Labor, Research and Analysis Section.

Although Alaska's economy should remain healthy in the near future, the national job market appears to be softening. If this leads into a full-fledged national recession, as many analysts are predicting, Alaska could quickly be flooded by job seekers. This would bring an end to the low unemployment rates Alaska is presently enjoying.

Almost All Industries are Contributing

There is no single event or industry that is responsible for Alaska's healthy job market. Instead, nearly all sectors of the economy are contributing to this robust employment outlook. These include tourism, mining, trade, services, fishing and government. (See Table 1.)

Tourism Increased in 1990 Season

Except for the unknown affects last year's oil spill might have had on this year's tourism season, the ingredients for a good year were in place during 1990. These included promotional efforts, a strong national and international economy, solid national income growth and relatively low gasoline prices.

Tourism enjoyed a solid year, if preliminary reports can be taken at face value. Reliable and timely indicators are elusive in this industry but most tour operators, hotels, and national parks reported increases in 1990. Southeast Alaska enjoyed a particularly strong growth year. Approximately 61 more cruise ships docked this year in Juneau and hotel occupancy was up as much as 11% for some hotels there.

The in-state segment of the tourist trade also contributed to a better season. Alaskans have more income in 1990 and population is on the rise. More residents means more visitors, and increased income means they have more to spend. In some places a majority of their visitors come from elsewhere within the state.

There Are More Jobs in The Oil Industry

The number of oil field workers this year has been running about 800 above 1989 levels, and July was no exception. This growth comes largely as a result of the aging fields on the North Slope that now require more labor to squeeze oil out of the ground. More maintenance work is demanded along with new methods to pull the oil out of the ground. For example, the $450 million gas-handling project will boost Prudhoe Bay's production by 90,000 barrels a day. The modules for this facility left Portland, Oregon in July bound for Prudhoe Bay.

Retailers Are Optimistic

Strong seasonal and over the year growth in the retail trade and service sectors is coming from the tourism industry, an increasing population, and strong income growth in the state. Some retailers are optimistic enough to plan for new facilities — ground was broken this July in Fairbanks for a new Fred Meyer store, and the Carr's grocery chain recently announced plans for a new store in Fairbanks.

Forest Fires Boost Government Employment

This year, a natural disaster helped boost government numbers in the Interior region that are usually declining in July. (See Table 2.) Alaska experienced its biggest fire season since 1969; combined state and federal fire fighting crews peaked at over 2,700 in July. Although fighting fires in July is a perennial activity in Alaska, the sheer size of this year's fires pushed employment beyond anything seen in the recent past. Included in the 2,700 firefighters were all 73 of the 16-person emergency crews which come mostly from villages in rural Alaska. While total costs have not yet been tallied, these emergency crews earned $8.7 million in wages this season.

Census workers also boosted the federal sector's employment in July. Employees were out in the field doing quality control checks and follow up work. The number of census workers will dwindle to only a skeletal staff in August.

Salmon Bonanza In Bristol Bay Leads Good Harvest Statewide

The 1990 salmon season was better than average; as of late August it had not topped last year's record catch of 156 million fish, but it could reach 135 million. Prince William Sound enjoyed a record run of pinks in 1990. Bristol Bay, the state's largest fishery, had its second best season in history. Elsewhere in the state the picture was mixed — Lower Cook-Inlet, Kodiak and Yukon runs were weak and other fisheries were average to good. Although prices were projected to fall this year, they have either held steady or increased slightly.

Summary: Another Strong Summer For Employment In Alaska

During the six months ending in July the number of jobs in Alaska exceeded the previous historical employment high of 1985. Some would characterize this event as a sign of a full recovery of the Alaskan economy. However, the recovery is not spread equally throughout the state.

Those areas of the state with economies based on fish and timber have fared the best — the Southwest, Gulf Coast and Southeast regions. The Northern region has also surpassed its 1985 levels. Oil industry employment and the dramatic increase in hard rock mining has made the recovery possible.

Most of the employment growth in the railbelt communities over the past two years has not progressed enough to push above previous levels reached in 1985, although it is moving in that direction.

A healthy Alaskan and national economy kept the state's unemployment rates at near-record lows in July. Fewer jobs seekers from the lower 48 are coming to Alaska than during past recoveries, and the Alaskan economy is generating new opportunities for job seekers in the state. However, by the same time next year the state's unemployment picture may not be quite as rosy since a national recession may be eminent and competition for jobs would grow.

No one industry was responsible for the healthy job market in Alaska. Tourism enjoyed a respectable 1990 season. The salmon harvest did not match last year's record catch, but was better than average. Bristol Bay had its second largest catch and Prince William Sound enjoyed its largest pink salmon catch in history. The biggest fire season since 1969, along with ongoing census work, boosted government jobs in July.

All said, Alaska's summer season, the telltale time for the entire year, looked relatively prosperous. Most of the state's industries are growing and job seekers in turn are finding better than average employment opportunities.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 7/90	r/ 6/90	7/89	p/ 7/90	r/ 6/90	7/89	p/ 7/90	r/ 6/90	7/89
Mining	$1,160.34	$1,131.67	$1,069.21	49.8	48.8	48.8	$23.30	$23.19	$21.91
Construction	1,187.31	1,215.23	1,164.97	48.7	49.5	48.5	24.38	24.55	24.02
Manufacturing	575.02	575.87	512.62	52.9	44.4	46.9	10.87	12.97	10.93
Seafood Processing	516.78	448.00	437.36	58.0	44.4	49.7	8.91	10.09	8.80
Trans., Comm. & Utilities	626.44	611.25	869.30	36.4	35.6	48.7	17.21	17.17	17.85
Trade	430.25	410.74	408.44	36.4	35.5	36.5	11.82	11.57	11.19
Wholesale	600.62	572.32	554.71	38.9	39.2	38.9	15.44	14.60	14.26
Retail	370.27	355.69	358.79	35.5	34.3	35.7	10.43	10.37	10.05
Finance-Ins. & R.E	419.25	402.17	411.34	37.4	34.7	38.3	11.21	11.59	10.74

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Table 4

Labor Force By Region and Census Area

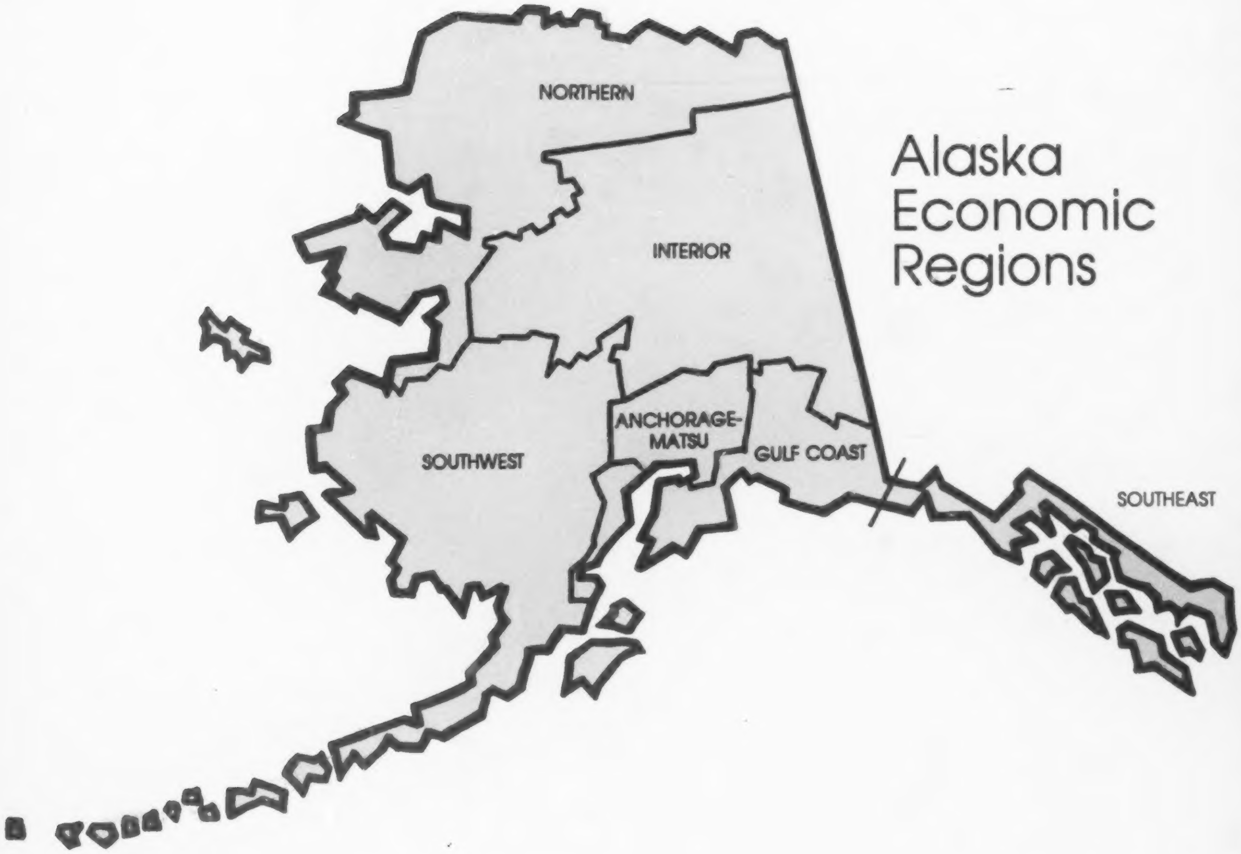
	Labor Force			Unemployment			Rate			Employment		
	p/ 7/90	r/ 6/90	7/89	p/ 7/90	r/ 6/90	7/89	p/ 7/90	r/ 6/90	7/89	p/ 7/90	r/ 6/90	7/89
Alaska Statewide	270,163	262,600	264,276	14,241	17,179	12,980	5.3	6.5	4.9	255,922	245,421	251,296
Anch.-MatSu Region	134,574	132,288	128,369	6,627	7,628	5,889	4.9	5.8	4.6	127,947	124,660	122,480
Anchorage Borough	119,187	117,319	113,321	5,074	5,777	4,448	4.3	4.9	3.9	114,113	111,542	108,873
MatSu Borough	15,387	14,969	15,048	1,553	1,851	1,441	10.1	12.4	9.6	13,834	13,118	13,607
Gulf Coast Region	34,823	32,309	39,110	2,079	2,922	1,471	6.0	9.0	3.8	32,744	29,387	37,639
Kenai Peninsula Borough	21,504	19,987	24,180	1,441	1,981	1,118	6.7	9.9	4.6	20,063	18,006	23,062
Kodiak Island Borough	7,934	7,266	9,007	289	405	219	3.6	5.6	2.4	7,645	6,861	8,788
Valdez-Cordova	5,385	5,056	5,923	349	536	134	6.5	10.6	2.3	5,036	4,520	5,789
Interior Region	37,997	37,585	36,634	2,572	3,132	2,385	6.8	8.3	6.5	35,425	34,453	34,249
Fairbanks North Star Bor.	32,942	32,474	31,677	2,226	2,601	1,981	6.8	8.0	6.3	30,716	29,873	29,696
Southeast Fairbanks	2,063	2,099	2,015	100	190	117	4.8	9.1	5.8	1,963	1,909	1,898
Yukon-Koyukuk	2,992	3,012	2,942	246	341	287	8.2	11.3	9.8	2,746	2,671	2,655
Northern Region	8,572	8,676	7,804	701	837	678	8.2	9.6	8.7	7,871	7,839	7,126
Nome	3,143	3,173	2,955	264	306	348	8.4	9.6	11.8	2,879	2,867	2,607
North Slope Borough	3,090	3,097	2,834	113	132	139	3.7	4.3	4.9	2,977	2,965	2,695
Northwest Arctic Borough	2,339	2,406	2,015	324	399	191	13.9	16.6	9.5	2,015	2,007	1,824
Southeast Region	39,318	37,689	37,819	1,750	1,983	1,976	4.5	5.3	5.2	37,568	35,706	35,843
Haines Borough	937	898	913	44	49	61	4.7	5.5	6.7	893	849	852
Juneau Borough	17,662	16,858	16,951	673	711	740	3.8	4.2	4.4	16,989	16,147	16,211
Ketchikan Gateway Bor.	7,318	7,040	7,047	356	423	405	4.9	6.0	5.7	6,962	6,617	6,642
Pr. of Wales-Outer Ketch.	2,966	2,868	2,891	195	235	248	6.6	8.2	8.6	2,771	2,633	2,643
Sitka Borough	4,617	4,404	4,429	192	198	207	4.2	4.5	4.7	4,425	4,206	4,222
Skagway-Yakutat-Angoon	1,871	1,807	1,763	141	163	113	7.5	9.0	6.4	1,730	1,644	1,650
Wrangell-Petersburg	3,947	3,814	3,825	149	204	202	3.8	5.3	5.3	3,798	3,610	3,623
Southwest Region	14,879	14,053	14,540	512	677	581	3.4	4.8	4.0	14,367	13,376	13,959
Aleutians East Borough	1,058	987	1,034	6	8	12	0.6	0.8	1.2	1,052	979	1,022
Aleutians West	2,968	2,777	2,893	22	34	30	0.7	1.2	1.0	2,946	2,743	2,863
Bethel	5,711	5,416	5,604	265	346	313	4.6	6.4	5.6	5,446	5,070	5,291
Bristol Bay Borough	566	529	545	10	12	5	1.8	2.3	0.9	556	517	540
Dillingham	2,656	2,519	2,582	54	97	54	2.0	3.9	2.1	2,602	2,422	2,528
Wade Hampton	1,920	1,825	1,882	155	180	167	8.1	9.9	8.9	1,765	1,645	1,715

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions


NORTHERN
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